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THE COMING STRUGGLE IN EASTERN ASIA



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THE
COMING STRUGGLE
IN
EASTERN ASIA

BY

B. L. PUTNAM WEALE

AUTHOR OF "MANCHU AND MOSCOWITE," "THE RE-SHAPING OF THE FAR EAST,"
AND "THE TRUCE IN THE EAST AND ITS AFTERMATH"

WITH ILLUSTRATIONS & A MAP

MACMILLAN AND CO., LIMITED
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PREFACE

WITH the publication of the present volume is brought to an end the author's series of political treatises dealing with the Far East from the point of view that Russo-Japanese rivalry has been the mainspring of the events of recent years.

In *Manchu and Muscovite*, written in the year 1903, some of the results of the Russian occupation of Manchuria were described, and the apparent policy of Japan warmly approved.

In the second work, *The Re-Shaping of the Far East*, written after the lapse of eighteen months of stirring and historic happenings, a broader estimate was attempted and the position of affairs in China, Japan and Korea, as well as in Manchuria, was detailed at some length. On this occasion the writer was compelled to qualify his former approval of the policy of Japan, and to point out that in Korea at least she had been a grievous disappointment.

In the third volume, *The Truce in the East and its Aftermath*, the author discussed the events and reasons which led to the making of peace between

Russia and Japan, and endeavoured to show that the aims and ideals of the Japanese Government had developed in a direction entirely different from that which had been anticipated, and that consequently the renewal of the Anglo-Japanese Alliance, in a more comprehensive form than the original, was a political error of the first magnitude.

Finally, the present volume—the fourth and last of the series—contains a careful revaluation of the old forces in the Far Eastern situation, as they displayed themselves during the first half of this year (1907). In the autumn of 1906, the writer, starting from Korea and making first for Vladivostock, travelled over the whole of the ground described in Part I., and thus put himself in a position to place before the reader an accurate, if abbreviated account of the Russian Empire in Asia as it exists to-day. From Russia it is natural to turn to her great rival, Japan; and accordingly a minute and critical analysis is next made (in Part II.) of the main features of the policy and plan of campaign of the Japanese Government since the conclusion of the great war. It may be that many English readers will view with disfavour the grave strictures which are here passed on England's ally; but the writer is convinced that the economic situation which now obtains in the Far East is sufficiently serious to justify the plainest speaking. Lastly, in Part III., the wonderful and growing change in China receives careful examination, and certain aspects of the position on the Pacific—

notably the attitude of the United States—are clearly outlined.

The limitations of space have necessitated a constant curtailment of the analyses made, for the writer has collected sufficient evidence and sufficient documents for a ten-volume treatise. But in spite of this extreme condensation, it is hoped that the main fact will stand out distinctly and unmistakably—that it is oligarchic Japan which constitutes the new problem in Eastern Asia.

B. L. PUTNAM WEALE.

CHINA,

August, 1907.

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PART I

RUSSIA BEYOND LAKE BAIKAL

CHAPTER I

FIRST IMPRESSIONS OF VLADIVOSTOCK

THERE are several ways of reaching Vladivostock, as indeed there are several ways of reaching every land's-end port in the world. But there is probably only one of them which should really deserve time and study, and that has become so out-of-date and so slow that few care to undertake it. It is by travelling slowly down the Amur River from the Trans-Baikal territories, just as Muravieff and his lieutenants did almost exactly half a century ago. This is the way which allows one to understand the original and unchangeable Russian attitude towards the Far East. If one could make this tedious journey, and could then come back a second time by steamer from Odessa and a third time by the quick Trans-Siberian railway, one would completely understand the Russian Far East from the Russian point of view—the point of view which was the ultimate cause of the late war—and could then burn one's maps. But as all this is too extensive

and too expensive an education in a quick-moving age, one must perforce be intensive and inexpensive, and with one's visual sense as keenly on the alert as possible, journey the travelled way. Up, then, the Korean coast from the south, hugging the shore, yet with blue water everywhere; across, then, straight as a bee-line, the vast Peter the Great Bay, now leaving the land far below the horizon-line; until at last, in the fullness of time, you make the island of Askhold, and in the dim dawn you are boarded by a thick-spoken pilot, who guarantees, all accidents excepted, to guide you through the derelict mechanical mines which Governmental sloth allows still to menace the peaceful shipping of neutral and rival countries alike. You make another island—Skryplevsky—and then great peninsulas of mountainous land stretch out to embrace your vessel. It is very calm, very peaceful here, yet the Pacific floods in as if it wished mercilessly to engulf the whole mainland. Your steamer swerves into the Eastern Bosphorus, bending round and round so sharply as to seem in danger of overbalancing; and there, opening out into a silver sheet of water, is the Bay of the Golden Horn. It is Vladivostock.

The shore, rising higher and higher as you creep in, and crowned with striking terraces of houses all glittering in the sun, is an insistent invitation to land. There is, also, that crispness in the air which can only be found in the East in high northerly

latitudes, and which speaks of vigorous races of men. As you gaze at this town, which climbs the hill-sides and throws out long white tentacles ever farther and farther afield, you have Port Arthur and Dalny explained and perhaps palliated. People in the forgotten days of before the war could not understand why these places possessed their peculiar formation and architecture, or why they had ever been created at all. That was merely because the observers arrived there after having started from the wrong parallels of latitude. Had they come down from the cold north—say from the Russian Pacific seaboard—they would have understood that these creations were only foolish to men of rival civilisations, because their creators knew too little of the real Far East and the forces it contained, and were simply anxious to move south, ever south.

But although the town is so near and Vladivostock is still a free port, you cannot rush away as quickly from your ship as even in hide-bound protective towns. Apart from the question of passports, which is the lesser inconvenience, there are Customs officers who must be satisfied about a number of things before you may land and your impedimenta be set free. Still it must be said that the Vladivostock Customs officials are as unexact as those of the China coasts, and that four things alone appear to claim their attention—tobacco, spirits, arms, and revolutionary papers. The list appears

alarming, and indeed at first sight forecasts many inconveniences. But on first-class passengers very little attention is bestowed ; on those of the second-class only a little more, so that the full weight of the heavy hands of these minor Government officials falls on the steerage people, who have everything roughly treated. From this it will be seen that the revolutionaries, the suspects, and their friends, are clearly people of the lower orders, who are not respectable and who are elevated to decent rank only in the foreign press. Still, with all this searching and with all this tearing open of strange-looking bundles, I was told that almost every ship touching at Japan had someone on board carrying in reams of prohibited literature and many other confiscable things, and that the apparently close search on entrance into the harbour is largely made only for form's sake. It is the old story again. I, who carried a heavy load of tobacco liable not to a duty levy but to excise, had ample proof of this. I had no intention of defrauding the Czar's depleted coffers of their just quota, but it was my neighbour who foresaw that one declaration of honest purpose might necessitate others more inconvenient, and who urged me to silence. Therefore the Custom House man murmured the monotonous formula as he gazed dreamily around him, only to have me protest silently that I was innocent ; and I stood at ease, safe in the knowledge that five hundred Manila cigars were separated merely by a single thickness

of leather from his inquiring hands. I even thumped exteriors of boxes with confidence, so as to round off the situation. Brought back to his immediate surroundings by these too violent demonstrations of innocence, the dreamy minor official gazed at me hesitatingly ; then deciding that to examine would be but to add another trouble to this world of troubles, with clumsy hands he resignedly affixed little shreds of printed paper affirming that my luggage had been duly inspected and passed. With passport and luggage stamped nothing remains to detain one.

Yet I discovered that less lucky deck-passengers were even then being closely searched because of an unfortunate find. A revolver had been discovered in one package and immediately pocketed ; then more firearms were brought to light ; and at last a big basket, in which were quantities of ammunition which no one would claim, was planted down in the broad sunlight. It was plain from these little indications that for some reason cheap firearms were at a premium in these latitudes, and that the operators in the now numerous "hold-ups" which punctuate life in the Russian Far East, as an aftermath to an unfinished war and an abortive revolution, had no difficulty in smuggling in supplies from abroad if the local markets did not suffice to meet their constant demands. In ten minutes a heap of miscellaneous contraband had been discovered, and even our captain looked em-

barrassed. There was evidently a limit which should not be exceeded.

An end comes to everything, however, and, tired of speculating as to whether there was any truth in the report that the Nagasaki "patriots" were planning another rising on the anniversary of the last revolt in this port of Vladivostock, we began moving shorewards. It is the Shantung sampan-man who, if you are not lucky enough to board a launch, is at once disclosed to you as the bumboatman and general carrier of the port, just as he is in China; and to the prosaic sampan I therefore transferred myself and my belongings. It is well to remark at once that from the very moment of landing in the Russian Far East to the very moment of passing into Chinese territory, the Chinaman is everywhere: the handy man who does the rough work along all lines of communication. As he is a most useful interpreter, it may therefore be said that a knowledge of Chinese is able to perform the exceptional duty of carrying you everywhere in absolute ignorance of the language of the lords of the soil, if you so desire. Fast as the Russians come in, the Chinaman follows still faster; and although the pig-tailed man is a mere bird of passage whose only status is that of a money-making machine with no rights and privileges, time alone will show whether he may not ultimately regain land which was originally his very own, when the Manchus ascended the Dragon Throne and laid claim to everything east of the Baikal territory.

With these reflections you are rapidly *yulohed* across the beautiful harbour-waters into a thick swarm of craft, which cluster, like fish awaiting food, round the stone and wooden wharves which line the shores ; and it is with difficulty that your sampan-man forces a path so that you can clamber at last to *terra firma*. Once on shore, too, there is much the same crush ; for cargo hastily discharged from steamer and junk is stacked mountain-high on every available spot along this narrow water front. Hundreds of carts, driven impartially by Russian or Chinese, seek to load up and discharge in these awkward places, and the din and shouting which consequently arises tells of some prosperity. The scrunch of all these wheels and the stamping of innumerable hoofs raise thick clouds of dust which sometimes become so opaque that the unending lines of carts and horses pass by like dim silhouettes. Spread along the water-front are the lucky steamers which have purchased by the spending of many roubles the right to discharge straight on to the town jetties, whilst from less lucky craft heavy cargo-boats move continually shorewards. All this exists for your immediate discomfort, because you have stumbled on the main artery leading from the water-edge up into the town, and because Vladivostock—although overstocked, like every other place in the Far East, with all kinds of goods bought in anticipation of the great *post bellum* boom which has never arrived—cannot stop, although it wants to stop, the unending arrival of still further supplies.

Yet this wrestling mass of packing-cases, humanity and horseflesh is a mere incident ; for once off the water-front and beyond the cargo stacks the air thins, the turmoil becomes less marked, and carriages, swiftly driven, take the place of clumsy Russian and Chinese carts. It is possible now to take stock of your surroundings, for you have fitly debouched on the main street of Vladivostock. The Svietskaya-ulitza—for such is its gracious name—is a magnificent street of noble proportions which runs roughly parallel to the harbour-edge fifty feet or so above the water-line. Since it follows the curve of the hills, it swings a little up and a little down ; yet with this disqualification it is undoubtedly admirable as a main thoroughfare. For the flanking buildings are mostly designed in that ample style which clearly shows that Russia stands for large ideas which manifestly only require taming, co-ordinating and re-sorting to be redoubtable in the severest sense. Traces of the riots and incendiarism which followed so few weeks after peace have almost entirely disappeared from this and the other larger streets, for all the buildings which were destroyed or damaged by the rebellious soldiery and their instigators have been restored ; while in addition many people with war-profits to invest must have caught the building mania, and have since been busy raising fine modern structures of brick and stone on every side. Almost everywhere there is some sort of building going on, and where funds are not sufficient to warrant a heavy expenditure, picturesque

Russian buildings of painted wood are being rapidly added to the town. Along the main street you have the residences of the Governor, of the Commander of the port, and of many other magnates, whilst monuments such as those raised in memory of the Czar's Far Eastern voyage, and of the men who laid the foundations of this distant vice-royalty, lend a stately note of distinction which is lacking in the purely trading centres of Asia.

The net result is that you have in the Svietskaya a street which in proportions has probably no rival in the Far East. The cramping and consequent meanness of the semi-European town raising itself in the face of a silent native opposition is here entirely missing; it has been peremptorily ordered in this wise by empire-builders, and in this wise it is being carried out. Nor is this impression due merely to certain architectural effects; it is contributed to just as much by a white man's bustle and life which flows unendingly along as the main current, to which the Eastern current, the Chino-Korean bustle, is undoubtedly subordinate. This, and the fact that horse-flesh has almost entirely replaced man-flesh in all brute-strength work, confirm a curious conviction of Europeanism. For once, although you are still in regions which are purely of the Far East, horses are doing all the hard work and man-carriage is entirely absent. It is the horse, well-fed and big, in the awkward but picturesque Russian collar, which is slowly hauling great loads of materials up and down the sloping

streets ; in place of the usual rickshaw, it is the Russian hack-carriage which carries you everywhere for the sum of thirty kopecks a drive. The very military messengers, instead of hurrying along on foot or pedalling bicycles, gallop past you at break-neck speed on shaggy Transbaikalian ponies. In a word, the horse has here a European status—and man as well, since he does not bend his panting body under unnatural burdens. All the rest, the Chinese carters and the Korean harbour coolies, are bits of an ever-shifting and changing foreground ; the real background is European Russia struggling to rid itself of, or disqualify, Asiatic influences, and to prove that Asia, like Siberia, can be subdued by sheer weight of numbers.

These first impressions, however, are speedily obscured by the sense of alarm which begins to fill you when you discover that no matter what may be the attractions and advantages of this Europeanism, the hotels are not on the lordly scale of the town. As a matter of fact these are, as usual, full to overflowing, and local opinion professes that they are likely to remain so to the end of time. One of the two only passable hostelrys, the "Pacific," destroyed during the military riots, is still in the hands of the builders, and will not be completed for months to come ; and as for the others, if you are so unlucky as to land between the arrival and departure of the European express trains, you will find them so crowded with two rival streams of passengers, anxious merely about their connections and caring nothing

about the outer world, that it is vain to crave hospitality. Finally, when at last you succeed in installing yourself in a caravanserai, you discover that everything is on what is called in American hotels "the European plan." You must go abroad to seek your meals; you must go abroad to get your boots cleaned; in fact you must go abroad for most things, including even your bath. The Vladivostock restaurants, moreover, like the Vladivostock hotels, are none too good; but their European air, conveyed by a multitude of Russian waiters in orthodox dress, for a time hides from your view their manifest shortcomings. Yet these very waiters speedily prove the worst feature of the restaurants; for after having earned as much as fifteen or twenty roubles a day during the war-times, they are in none too good a humour now that things have so greatly changed, and are careful to make you appreciate the fact. And although prices seem reasonable at first sight, experience soon proves that relatively decent life is still two or three times as expensive here as anywhere else in the Far East. Dinner, which may be taken at almost any hour before dark, is cheap—say a rouble and a half—but since to eat you must drink, you soon find that in the price of the liquor is concealed that profit which makes life worth living for the restaurateur. The cheapest drink, a bottle of beer, cannot be obtained under a rouble and a quarter; wine is even more exorbitant; and as for the spirituous necessities of the ordinary man, you soon learn to order them with a sinking heart.

The traveller in Vladivostock who can come through on a couple of pounds a day, leading a simple life, must pray the prayer of those who have entirely escaped fleeing.

In all truth, the somewhat bath-less, lavatory less, street-rushing, carriage-driven existence of Vladivostock is vastly different from that of the rest of the Far East, although it forms an integral part of it; and half a dozen hours ashore are sufficient to convince you that everything is viewed from such a new standpoint that contending policies between this particular corner and the other corners of the East are almost inevitable. The dominant influences, in spite of the presence of huge flocks of Chinese, lesser crowds of Koreans, and the beginnings of a great Japanese invasion, are purely Russian. It is the European standard raising itself in ignorant opposition to the Asiatic.

And yet all the objections you may raise are mere surface things—the strength of it all is greater than anything else; not connected, co-ordinated strength, perhaps, but individual and latent. Of this I soon had an excellent demonstration, on emerging from one of the verandah-like restaurants which are such a feature of the place. On the broad main street the two-horsed hack-carriages, with their powerful, picturesque drivers, lounging in their seats and yet driving to perfection, were still streaming past as unendingly as ever; and there seemed just as many people hurrying along, although they had been hurrying in that wise from early morning; when

suddenly a distant shout and a scuffle on a sidewalk advertised the fact that this flow of human beings was being momentarily disturbed. In the distance there were to be seen the black outlines of two men staggering against one another ; then there was a sharp report, too flat for a revolver shot but very clean and heavy, and one of the men temporarily disappeared. People paused a minute, with indifference written large on their faces, to see what the discussion might be ; and as I came up I understood the peculiar sound of the sudden report. For on the ground, wrestling with himself to overcome the blindness which the blow had brought, was an ordinary-enough, top-booted, blue-eyed and yellow-haired Russian of the lower classes, with his fur cap rolling on the pavement beside him, and the blood slowly trickling down his face. Standing over him, his lips white with passion, was a tall Caucasian clad in his national dress, which had been torn open by his efforts. It appeared that he had merely given his opponent an enormous open-handed slap—the unscientific blow of an easy-going people preferring weapons to their hands in the event of a crisis arising.

The man on the ground lay struggling quite silently, a mere unconnected individual who interested no one, and the passers-by began moving on with indifferent shoulder shrugs. It was the ordinary street row, to which, however, one is unaccustomed in the true East amongst white men ; it was therefore interesting. "Watch him use his knife,"

casually remarked an old Port Arthur acquaintance, when the Caucasian moved forward again; and I half expected to see one of those so-called "Russian tragedies" of which the newspapers have been so full that everyone has come to believe them to be the natural life of a careless people. But there was nothing of the kind. As they came together the two men merely clinched again; and this time the Russian workman, having recovered himself, savagely put forth all his strength, and half-wrestling and half-striking, brutally flung his opponent down on the hard stone with a tremendous crash. Blood had now been drawn on both sides; and as the struggle continued in this uncouth manner, the indifferent onlookers began to understand that it was a real fight *à l'outrance*, and everyone protested and called for the police. The police, however—that wonderful Russian police popularly reputed so omnipresent and terrorising—was like all other police in similar circumstances, not in sight; and as no one had sufficient energy to go in quest of the strong arm of the law, the enemies were left to work out their salvation unhampered. So they calmly and resolutely continued the struggle, in a curious, halting way which permitted each man to recover and then go on again no matter what injuries he received. The condition to which they consequently reduced themselves in the space of very few minutes was appalling, the workman being knocked out no less than nine times and the Caucasian three. Yet neither man had any science

nor any knowledge of how to use his strength—it was mere untamed passion crudely applied with brutal effects. I believe that they might still be fighting had not the lost policemen finally appeared; even then, as they were being led off to the station, they tried repeatedly to come to grips again. That unimportant street fight was somehow a lesson in the alphabet of this new world; and one wondered vaguely what this self-contained and purely animal strength of a great nation might not one day mean.

Yet to counterbalance such a view and to make you remember the *limitations of this strength*, you immediately see something trivial and absurd going on in the street, showing how much training and education there has yet to be amongst Russians before there can be any real progress. Street-watering had now actively commenced, since the hour of promenade was approaching, and the Russian, a little like the Chinese, does things only at the very last minute. Burly, bearded men armed with old kerosene tins followed carts loaded with small casks of water, and began filling their impromptu utensils and scattering the water in a manner which used to be highly fashionable in the old days at Peking, but is now abolished even there. It was childish. A single powerful watering-cart could have watered that whole street in a few minutes. Perhaps nobody had thought of it, or that being nobody's business it was attended in the easiest manner which could be improvised. It is thus that the Eastern character-

istics of a race that is not of the East are curiously expressed.

Farther afield there were many sights to be seen, singularly interesting to those accustomed to the old Far Eastern point of view. On many of the new buildings which were rapidly approaching completion, Russian and Chinese bricklayers were to be seen working amicably side by side, the yellow-haired Russian as often as not listening to the advice of his yellow-skinned comrade and carrying it out; whilst in every third or fourth carriage Chinese or Korean fares lolled back in their seats and gave orders to their picturesque-looking Russian drivers in tones which along a more southerly coast-line would have been called insolent merely because they were peremptory. But the Chinese, since they form an element no less important in the population of Vladivostock than in the ordinary China treaty port, and have to-day in their hands much of the wholesale trade with Manchuria and the back country, are here by no means a negligible quantity. These Chinese come almost entirely from the prefectures of Laichoufu and Tengchoufu, in the Shantung province—prefectures which must now be sadly depopulated if the numbers which flock both to the Russian provinces and to Manchuria form any index. The Chinese, indeed, are now literally everywhere in thousands and tens of thousands; and each year adds to this great migration. But although they are so numerous you feel in a hundred ways that their position is really as peculiar

as your own, and that they come only to remain strangers in a strange land.

These crowds of people from the opposite ends of the great Eurasian Continent lead to a general buying and selling, on a strictly cash system, which must amount daily to a comparatively-speaking enormous sum. Money, indeed, may be said to change hands more rapidly in Vladivostock than anywhere in the Far East, for the Russian is always buying, and his example is doubtless infectious. In the biggest store of the town, which is of course no other than the giant establishment of Kunst and Albers, the "Whiteleys" of the Russian Pacific coast, it is reported that at least fifteen thousand roubles pass over the counters daily in small cash purchases. At this German establishment you may purchase anything, from a post-card showing the firm's original building of rough logs, put up by its enterprising founders a few years after Muravieff had sailed down the Amur, to a time-charter of a great ocean-going steamship swinging in the anchorage; and the Russian, appreciating this, has made the Hamburg firm able to boast of a practical monopoly in every species of dealing. It is by merit, by industry, and by a thorough knowledge of local conditions and needs that this has been done; and compared with this great house, with its hundreds of clerks and its busy counters, its varied wholesale and retail trading, there is nothing commercially worth speaking of in Vladivostock.

The requirements of the civil population—a popu-

lation now probably numbering at least twenty or thirty thousand Russians, ten or fifteen thousand Chinese and several thousand Koreans—have recently caused the town to spread long tentacles of white houses up the slopes of all the adjacent hills and far out round the bay beyond the limits of the township. In fact, houses which may be compared to squatters' dwellings, since their owners refuse point-blank to pay rates or to acknowledge any authority other than their own, are going up everywhere in a somewhat surprising fashion, testifying to the latent possibilities of the place. But the roads, with the exception of the main thoroughfares and those which are strictly military roads and which are therefore of course excellent, are more than usually vile even for Russian highways; and some climb the hills so steeply that carriages can hardly proceed, whilst flights of wooden steps have to be provided to enable even pedestrians to mount them. Up these hill-sides you may waste endless tissue.

With all this growth and bustle Vladivostock no longer becomes uproarious at night, as did its sister town of Port Arthur in the old days. The good spirits and the spending capacity of its inhabitants would seem now to be much curtailed, for although there are many *cafés chantants*, with their heavy complements of dubious people and their many palm-itching waiters who refuse to forget the war, the best efforts of the curious artistes win hardly any applause. Champagne corks, also, seldom pop

now ; and when that measure of measures of the inner state of things amongst this light-hearted people marks so low, it is a flaming sign for those who have eyes to see that the good old days of a couple of years ago have gone for ever. Even at Baroufsky's—that famous circus which has managed to live through all the vicissitudes of wars and sieges, and which has duly re-opened with new attractions and old faces—there is a sober air, an air in fact of some lassitude, because audiences have become lackadaisical. Yet if all accounts are to be believed, the gallant proprietor—whose memoirs would doubtless form a highly interesting sidelight on the peoples and politics of the Far East—cannot say that fortune has not smiled on him. In fact the experiences of his circus form such a commentary that they merit brief recital. After he and his circus had been caught in the war-storm at Port Arthur on the fatal night of the 8th of February, he made his way north to Harbin, and although his horses and his animals had all gone, in an incredibly short time he gathered together a new show which played all through the war at the great Russian base, and is supposed to have credited its proprietor with a net profit of nearly half a million roubles. No greater commentary than this could be made on the curious character of the Russian people. Whilst epoch-making battles were being fought and lost only three or four hundred miles to the south in Manchuria, and Harbin itself might

have been threatened and gambled away, fortunes were being made on every side by catering to the banal side of life.

From these various peregrinations, it will be seen that first impressions in Vladivostock point to the fact that there is a curious pause—a moment of doubt, of head-shaking, and possibly of repentance, reflecting the general condition in the Russian Far East. But this statement must be qualified by the additional remark that the promise of future strength, if the pause be successfully bridged over and common-sense methods win the day, is greater than ever. Admitting the confusion, the lack of co-ordination and of organisation which are such faults of the Russian system—a system which aims at a dead level of uniformity and fails utterly in its self-imposed task—the fact remains that through everything there runs such an unexploited substratum of solidity and strength that people must not be surprised if surface indications of fundamental defects one day prove absolutely misleading. A very careful study and re-valuation is indeed necessary. Everything is perhaps told regarding this section of the great question when you walk from one end of the vast main street to the other. At one end stands the graceful statue of Admiral Nevelskoi, on which are inscribed the famous words of the Czar Nicholas I: “Where the Russian flag has been raised it must never be lowered.” At the opposite end, where the railway

line runs right across the thoroughfare on its way to distant Europe, is a post on which is engraved in massive letters the simple statement, "Vladivostock to St. Petersburg, 9,922 versts."

The distance has been too great.

CHAPTER II

COMMERCIAL AND MILITARY VLADIVOSTOCK

MEANWHILE, in front of you stretches the beautiful blue harbour of Vladivostock, surrounded by its pleasant hills all russet-brown in the brilliant autumn, hills which proclaim by their symmetry that there is no more cunning or majestic an artist than Nature herself, and which invite you to consider things in an aspect as ample as their own. If you climb any one of these heights which rise so stiffly immediately at the back of the town, the immense advantages of the place, commercial as well as military, are made plainly apparent. For, to be prosaic and exact, here is a great land-locked harbour, officially given out to be 14,950 feet long and 2,800 feet broad in its narrowest parts, which has twelve fathoms of water in the very shallowest corners, and which has a double entrance, providing also a double exit. The section of the harbour given over to merchant steamers and called the commercial zone is alone so vast that the minimum official calculations allow that sixty steamers of five thousand tons each could ride there at ease,

leaving broad channels between them and plenty of manœuvring room for the navy, whilst the vital entrances would not be encumbered in the slightest. During the open season there have been, since the war, almost always some twenty or thirty ocean-going merchantmen riding at anchor in the harbour ; and the space occupied by these craft has been so insignificant that it is clear such numbers could be trebled and even quadrupled without constituting a danger to navigation, since the vessels which frequent the port average a good deal less than five thousand tons burden. The graceful main entrance, fitly called the Eastern Bosphorus, because it resembles so markedly the Turkish opening into the Black Sea, is a splendid bow-shaped sheet of water which slips round to the open sea through a curl of hills and a frown of rising ground, in such fashion as to leave the town completely hidden from the open Pacific. There is no cramping as at Port Arthur, which is a wretched harbour ; nor yet any need for artificial breakwaters as at Dalny—breakwaters which have almost defeated their purpose by making the harbour half ice-bound when the winter blizzards blow. Here Nature, in a generous mood, has done everything herself. The main entrance is indeed ideal in every respect ; ideally broad so that it cannot be blocked, yet ideally narrow so as to hold the angry seas without ; and placed right athwart it, like a guardian angel to lend it and the town behind adequate protection, is massive Russian Island, a great shrub-covered island which is a

mighty fortress in itself, now crammed full of soldiery. Far out to sea, say twenty miles or more, is Askhold, the lighthouse island which you pick up on coming in, an island once reputed so rich in gold that adventurous Chinese miners came across hundreds of miles of waste lands, long before Muravieff sailed down the Amur, to devote themselves to the rapacious exploitation of the precious metal. From this naval outpost of Askhold everything is quickly communicated to Vladivostock; had Port Arthur possessed such a sentry, all history might have been different.

The first weakness of the port from the purely naval-military point of view is that vast indentation on the coast called Amur Bay. This is amply clear from any one of the heights behind the town. For the outer shores of the Eastern Rosporus entrance simply form a big peninsula very much like the Tiger's Tail of Port Arthur turned outwards; and on the other side begins Amur Bay, an enormous limpid sheet of water that cuts back many dozens of miles into the mainland and constitutes a clear military danger. A daring enemy might easily penetrate here, and, acting resolutely, could half isolate the great stronghold before the full alarm were given. It is on this danger that the genius of the Russian engineers has recently been concentrated, and it is alleged that the fortifications now shielding the Vladivostock shores of this vast Amur inlet have been made so powerful as to form a death-trap for any invader.

The second weakness-- this from the commercial standpoint—is one that is often to be apprehended where such good natural facilities exist. It is that there is not sufficient flat land lying round the harbour shores on which to build the extensive warehouses which must be necessary in future years if Vladivostock is to become a Shanghai or a Hong Kong for this northern mainland. As a harbour it is therefore much inferior to San Francisco. Still, enjoying the natural privileges it does, it has largely been the rigours of the winter climate and the virgin nature of the vast territories lying both behind it and to the north of it, which have made the port progress so slowly compared with many other Far Eastern places that have recently grown up, like the gourd, in the night. Although the port is situated in latitude $43^{\circ} 6'$ north, and is therefore only a quarter of a degree nearer the Pole than Florence and Nice, its climate, possessing an annual mean temperature of 4.6 Centigrade, is as severe in winter as that of the Gulf of Finland. In the month of January the Fahrenheit thermometer often falls so low as thirty and even forty degrees below zero, marking from sixty-two to seventy-two degrees of frost; and there are local *sagas* which sing of a yet more terrible cold in the early days. The annual freezing of the waters of the port during some hundred and ten days, or nearly four months, makes the employment of ice-breakers a necessity during that period, and renders all coast-wise navigation a sheer impossibility.

Even then, the winter commerce which is made possible by the use of these powerful ice-breakers, is only of a temporising nature; ice and an Arctic winter are things which cannot be properly fought by man. This practical reduction of the working year to, at best, eight months means that it would take the most energetic commercial nation forty years to accomplish what could be done elsewhere in twenty-five; and as Russia has been the Power at work, it may be said that the development of the port is now that of only twenty years under normal conditions. The development of the German port of Tsingtao in 1918—that is, twenty years after the seizure—will probably be fully equal to that of Vladivostock of 1906, and may, perhaps, be even greater.

The present and future importance of Vladivostock lies, however, in the fact that it is the one natural warehouse for the whole Russian littoral territory, generally known as the Maritime Province. No other port can ever be so convenient or so furnished with such natural and artificial advantages. People talk of the Russian mistake in not seizing Gensan in Northern Korea in 1898, instead of Port Arthur. Yet Gensan, like Port Arthur, would have been a detached port and would therefore have been a failure only a few degrees less pronounced than the Liaotung port. Only a Power that is primarily and solely a naval Power can afford to hold such adjuncts to pure sea-strength as detached coaling-stations. These things should

not be confused. Although many ocean-going steamers do not hesitate now to carry supplies during the short open season direct from Europe and America to such ports as Nicolaievsk—which lies about a thousand miles to the north of Vladivostock, at the mouth of the Amur river—the difficulties of such navigation must tend someday to make transshipment into regular coasting vessels of convenient size, at such a point as Vladivostock, more and more the custom. Already the Russian East Asiatic Company has begun a regular coastwise service which, without being excellent, is quite tolerable; and imitations must soon follow. The narrow and treacherous channels of the Gulf of Tartary will always make the entry of deep-draught vessels even to Nicolaievsk a matter of anxiety to shipowners, since shifting sand-bars can hold fast steel-bottoms for an indefinite period and sweep away all profits in demurrage. The new policy of transshipment is therefore doubly advisable. The complete establishment of networks of coasting vessels—lines starting from Vladivostock and supplying the whole Russian coast right up to Kamschatka—will mean the commencement of that peaceful Russian Far Eastern development which has already been too long delayed. Such lines of specially-built vessels not only could deal with the coast trade, which has hitherto been insignificant, but might be designed to tap the whole Amur river, a waterway which is now expensively exploited by clumsy transshipment methods at Nicolaievsk; and

whose real development has thus been retarded by excessive conservatism and too many inconveniences. What is needed on the Russian Pacific seaboard is a general warehouse of the Shanghai-Hong Kong type, in which will be concentrated every aid to natural and artificial development ; that is, indeed, the first necessity.

But Vladivostock has not only this coast trade to count on ; it has the whole vast hinterland of the Maritime Province to serve, an undeveloped area as great as some first-class European countries. This hinterland is very rich in natural resources, indeed enormously rich in some ; and when it is added that much of North-eastern and North-western Manchuria can undoubtedly be more easily supplied from the Russian sea-port than from anywhere else, if common-sense methods prevail, it will be clear that there is a commercial future of some promise for this centre. The northern and southern sections of the Ussuri railway—a railway now in process of amalgamation with the hitherto unlucky Chinese Eastern railway—possess a total rail-length of 716 versts, or say 500 miles, which taps the whole country ; and the ever-growing traffic, not only between the two terminal points—Vladivostock and Khabarovsk—but also between the small Russian townships and villages already established in some numbers along the line, points towards a sudden and marked expansion in the very near future. Already there are upwards of forty stations on the route, and large quantities of lumber are beginning to be exported

to Vladivostock. This lumber trade alone might give the sea-port special importance in years to come, for there is no valid reason why much of the woodless Chinese coast-line should not be supplied with this commodity from these regions. Surely the Russian Pacific seaboard has claims equal, if not superior, to those of the American Pacific coast, which is five thousand miles away, and which nevertheless manages to thrive on a great trade in timber with the Far East. As yet, however, with all these possibilities which paint a rosy future, it is well to realise the fact that Vladivostock's trade in the past has been a shopman's or army sutler's trade, if such expressions are permissible, rather than the wholesale trade of a warehouse port of the type which should be aimed at. In other words, the trade has been confined to certain limits. It has been due rather to the Russian military or imperial programme than to anything else; it has therefore been largely speculative and provisional, and is an incident in the growth of the port rather than a reason for that growth. The great quantities of flour which have come in year after year to feed not only the soldiers and sailors, but the rural and urban populations in the hinterland as well, are absurd, because the American Continent should not be drawn upon for such supplies when there are vast areas suitable for wheat cultivation in almost every direction behind Vladivostock. A comprehensive agricultural programme put in force by the Government, facilitating emigration and the intro-

duction of modern ploughing and reaping machinery (as is now being done on a vast scale in Siberia), would not only push forward this new land of the Primorsk, but bind it to Russia by the only powerful bond which endures—the cultivation of the soil. It is the cultivation of the soil, and that alone, which really secures a nation's title to any portion of the earth's surface; and the ancient Chinese, who, dozens of centuries ago, gave the farmer the second place in their scheme of society, showed a just appreciation of a basic fact which, if ignored in new countries, must surely forecast a downfall. That the Russian Government has attempted to push emigration is undoubtedly true; but its efforts in this direction have not been continuous or well conceived, and the people, seeing that their rulers were rather half-hearted in the work, have become a little half-hearted themselves. Everybody has been wondering what is going to happen to-morrow, and drift, drift has been the eternal policy.¹

This shopman's trade at Vladivostock has, of necessity, comprised nearly every category, since almost everything which is consumed in the town and all the adjacent territory must perforce be imported. Locally there are only bricks, matches, lumber, and a bad brew of beer to be had, with perhaps a little poultry and country produce to swell the list; and even of these last things a good

¹ It is important to add that, since the above was written, the Russian Government has begun to put into operation an emigration scheme which may bring a million people into the country during the next ten years.

deal comes from other places. Chinese junks, hugging the coast-line wherever that is possible, sail all the way from distant Shantung carrying full cargoes of eggs, fruit, vegetables, and even such things as chickens and cows (how these live *en route* no one knows), and find buyers as quickly as they can import their wares. This shows a very extraordinary state of affairs. Even coal, an economical necessity if the Russian Pacific territories are to become self-supporting and entirely independent, has not yet been properly discovered; there are a good many lignite beds which have been worked, but lignite is not coal, and is no substitute for the premier fuel. At one time it was hoped that the Northern Saghalien mines would make good this deficiency in the near future, but their present small and restricted output, and the fitful manner in which work proceeds, are hardly auguries for such a happy turn of things. Coal of a good quality must be discovered in the Primorsk itself, or else a serious impediment to sound progress will always exist.

The close of the war, and the consequent disappearance of all risk of seizure of mixed cargoes at sea by Japanese cruisers, was probably mainly responsible for the enormous speculative purchases made by every trader in the town during the past twelve months. This universal buying has led to a perfect glut in every market in Vladivostock, and there is now a wide-spread conviction that, until the general position has been liquidated by the flux of much time, everyone will be very hard pressed. Not

only will all normal profit-taking be impossible, but normal development equally so. To-day it is said that in Vladivostock you may purchase almost any standard article by the shipload, at less than cost price. Flour, kerosene, cotton, leather, timber, wines, spirits, and a hundred other things—all are there in mountainous stacks, and the Army Commissariat alone has sufficient flour to feed the entire Ussuri garrison of 80,000 men for four years. The amount of purchases made runs into many millions sterling, and a conservative estimate places it at one hundred million roubles. The rapid repatriation of the entire Russian army of Manchuria, with the exception of those East Siberian corps that are to form the semi-permanent garrison along the ironway and on both Russo-Chinese frontiers, was a railway operation quite as surprisingly rapid as was the evacuation of Southern Manchuria by the Japanese forces. This sudden evacuation created an unexpected void which can only be filled by a huge increase in the civilian consumptive demand, which again can only be brought about by a heavy and constant influx of Russian settlers and the coming of many more tens of thousands of Chinese. Locally the opinion is held that this influx will soon come if the difficulties at home can be solved ; but, in the meanwhile, although Northern Manchuria is beginning to demand far more in general supplies than has ever been the case before, and long goods trains are always steaming off for the Sungari regions, there is virtually a commercial deadlock in

Vladivostock, brought about almost entirely by excessive over-trading.¹

With the exception of Chinese houses which hold a special position as branches of China treaty port establishments, not very much need be said of foreign firms in the Russian port, for the simple reason that of such firms there are very few which are permanently and enduringly established. There was a single English firm before the war; it was forced to disappear immediately after the first shots had been fired at Port Arthur, owing to the spy mania and the unfortunate assumption that British and Japanese had become identical terms. It will never be re-established. There is still one large American firm which undoubtedly does a very considerable business of a special sort; but it relies mainly on the goodwill of Russian Government departments, and is permitted to live, and presumably to prosper, because of this favour. It is therefore merely a euphemism to speak of it as an independent American house. If there were one American firm firmly established it would be permissible to suppose that someday there might be a second, a third, and even a host; but unless the term "open port" is given, by virtue of special arrangements, a meaning synonymous to "open door," there will probably never be a second or a third house of an enduring type. That is the opinion of the leading partner of this one American firm. The foreigner has hitherto not been wanted by the Russian

¹ This was written in the autumn of 1906.

Government or by Russian officials; and it now rests with the diplomacy of England and America to see that equal opportunities be given to all, or else the position will not be promising for aliens. Similarly, there is in reality only one German firm, which, having been there, from the Russian point of view, ever since the flood, will presumably be allowed to stay until doomsday, and continue transacting, as it now does, a splendid business which has allowed the senior partners to amass a fortune of many million roubles in less than forty years. There are other foreign agencies, of course, principally smaller German and Japanese shipping firms; but the main fact, with the exceptions which have been named, is that the port has had (and may continue to have, if the present opportunity is let slip) a purely Russian character, and is for the benefit of the Russians. The exceptions have been allowed only because they were necessary. No new foreign banking agencies may now be established, and those which at present do business are hidden under the cloak of the favoured firms. This restriction of open financial competition must ultimately prove a severe stumbling block to all over-seas trade, for, although new people may cut in on a small scale—and since the war seven minor firms have done so—there is undoubtedly a feeling, which is a relic of the past, that this must be quietly and unostentatiously done, and that any advertising of the fact may lead to ruin and death. It is

necessary to reiterate that special diplomatic attention should be devoted to this whole question.

Likewise of foreign consuls there is no trace. Commercial agencies may be and have been established, and before the war there was an honorary acting British commercial agent in the person of the senior partner of the defunct British firm aforesaid. Now, however, British interests, such as they be, are in the hands of the commercial agent of our blood-ally, the United States. But the position of even this Government official is at the present moment highly unenviable. He has all the responsibility, with none of the authority or dignity which his rank demands. That is, although he possesses consular rank *vis-à-vis* his own Government, it is neither officially nor privately recognised by the Russian Government and its Far Eastern officials; and consequently the discharge of his duties is liable to be attended with irritating disabilities which Washington diplomacy should be at immediate pains to remove. There is no valid reason why foreign consuls should not have their usual *locus standi* at Vladivostock, just as they have at a port such as Odessa; it is the survival of archaic ideas and the non-employment of vigorous diplomacy on the part of the interested Powers which alone permit such an undignified state of affairs to continue.

As has been said, the American consular or commercial agent stands alone in his glory, for the other commercial agents are only honorary; and to

him come perforce all men from the outer world of Anglo-Saxondom. Although several English travellers, gifted with imaginations exceptional among a prosaic people, have recently pictured the American agency at Vladivostock as a splendid hive of industry, with wide-awake American commercial travellers flooding the offices with trade circulars and soul-awakening commercial literature for distribution amongst all classes of traders, and have in consequence drawn a gloomy picture of British official incompetence and commercial decadence, foreshadowing an inevitable decline and fall, for once the strictures are entirely and absolutely undeserved. That the American agency lavishes its best attention on all matters brought to its notice may be taken for granted ; but that such matters are many, or that the American commercial world is desirous of flinging imports of every variety into the little-known Primorsk by the thousand-ton and is now busy soliciting clients in a script which is practically an unknown tongue, is merely grotesque. Cash against delivery is here the cautious rule. Until the commercial position is more clearly defined, and the future Russian Government policy definitely outlined and fast bound by fresh international agreements—not Japanese agreements, but those of interested neutrals—all kinds of trading along the Russian Pacific seaboard will remain absolutely speculative and liable to the severest ups and downs. Russian purchasers, filled with magnificent ideas and convinced that the day is constantly drawing nearer

—as it undoubtedly is—when solid fortunes will be carved out by sound trading, are quite willing to deal on a lordly scale. But willingness is only the first step; payment is the second and third, and trading, after all, is only trading when payment is made according to accepted practices.

The stacks of cargo now choking every go-down and all vacant land in Vladivostock are, therefore, peculiarly symptomatic of the whole situation. People believed too readily that the war-demand was to continue for ever, and for some strange psychological reason became enthusiastic when they should have been the reverse. The result is that local capital and local credit is tied up so tightly that it will take some time and cleverness to undo the knots without disaster. A man who happened to travel in a train with me explained the whole situation in a short story. He had gone down to Vladivostock to collect a small sum of two hundred roubles from a Russian firm employing twenty clerks. He had been politely asked to wait—for a few weeks—as money was scarce in that particular firm, that not a rouble could be squeezed out. “Twenty clerks and not two hundred roubles,” groaned the creditor in his desire for sympathy; “that is our Russian idea of business”!

Still, with all this congestion, ship after ship swings into the Vladivostock anchorage, and as often as not vomits out a full cargo on to the over-crowded water-front. Every three weeks or so, frozen meat, direct from Australia, comes into the port by the

hundred-ton to feed the soldiers, because the war is reputed to have swept the hinterland bare of all cattle—a state of affairs which apparently obtains just as much in Northern Manchuria and Transbaikalia as in the Primorsk. Thus a curious fact is brought to light : that in a vast agricultural country such as the littoral territory, which has been in Russian hands for half a century, flour and meat are so lacking that both have to be imported from regions five thousand miles away—the Pacific States and Australia—regions which themselves have only been settled by Anglo-Saxons for the same length of time, and yet have enormous surpluses to offer to the rest of the world. As for the debated free port question, as a matter of fact it does not matter much whether Vladivostock remains a free port or not. The great trade of the future is going to be with Manchuria, and the bulk of the imports and exports will be Manchurian. Arrangements will have to be made with China which will promote this trade—that is, by allowing the commercial tide to flow through Customs Houses without hindrance ; and therefore British and other real “open-door” trade must ultimately be unrestricted.

For the moment the organisation of regular shipping is still defective and tentative at Vladivostock. The big company is the Russian-Danish East Asiatic Company, which, owing to the fact that nearly all Russian shipping in Far Eastern waters was either captured or destroyed

during the war, has had to be hastily improvised in the quickest possible way—a way which is both expensive and unsatisfactory. A Government subsidy, commonly reputed to amount to the handsome sum of 700,000 roubles per annum, has permitted the time-chartering of a number of Russian and non-Russian vessels, and the organisation of main and subsidiary lines which are designed to bring the port of Vladivostock into rapid and constant communication with all the principal Far Eastern ports, and thus to minimise the loss of Dalny and Port Arthur. But it is doubtful if the system is at present well-worked. The desire to forestall all Japanese competition, although a highly laudable one for those exercising the right of eminent domain in these regions, is apt to work out badly in practice if the business basis is defective. Ships have been very dearly chartered; numbers of the routes, owing to their clumsiness, can never hope to pay; and were it not for the heavy subsidy it is certain that the freights and passage-money would be insufficient to pay the bare charter-parties of the company. It is understood that ships of two thousand tons gross receive about £8,000 per annum *plus* various minor charges and all running expenses, and that some of the big vessels are paid on a still higher scale. The new Tsagaru route, which places passengers on shore in Japan thirty-six hours after stepping from the Trans-Siberian express at Vladivostock, is becoming popular; but this and the Shanghai line

are the only two whose continued existence would seem to be justified at the present moment.¹

Yet with all these comments and criticisms of disabilities and restrictions, the pregnant fact should not be lost sight of that the general urgent necessity of promoting a rapid maritime development in the Russian Far East, centering at Vladivostock, has at last been officially recognised, and that consequently all shipping will have a much fairer field than any new ventures ashore, no matter what shape Russian Government policy finally assumes when the Duma and the St. Petersburg coteries take up the Far Eastern question and attempt to deal with it finally. British ship-owners would do well to understand this point, to grasp that there are opportunities which cannot be neglected, and to seek to establish regular services from China ports in preference to any other trading. For, as has already been mentioned, the Chinese guilds of Vladivostock form not so much a collection of firms engaged in mere retail trade as a powerful and growing group of wholesale dealers who will ultimately be all-powerful; they are simply branches of houses long established in Tientsin, Chefoo, Shanghai, and even so far south as Hong Kong. These Chinese houses are fully alive to what is slowly coming, and it is largely through their hands that any regular direct importations, which are not speculative but based on a sure knowledge of

¹ The correctness of this criticism is now proved by the fact that the Russian Volunteer Fleet is to be engaged in this linking-up work, and the temporary chartering system done away with.

the consumptive demand, are made and sent straight through to inland markets. Such distant points as Tsitsihar, the capital of the Heilungchiang province of Manchuria, which is roughly a thousand versts away, are being reached by them in the ordinary way of business, and new Chinese firms are opening up all along the Amur basin. It must not be supposed, however, that these traders are old-established Vladivostock firms which have merely thrived and grown with the general expansion which has come everywhere during the past decade. Many are new people who have come tentatively to such a distant point as this, and have succeeded because of the recent immense influx of Shantung Chinese into Manchuria, the Maritime Province, and the Amur regions, and because of the demand which has consequently arisen for manufactured articles. Chinese junks consigned to these Chinese firms from correspondents all over the Northern Chinese seaboard are actually increasing in numbers every month; and accordingly, in this age of steam, the curious sight is to be seen of clumsy Chinese sailing-craft stealing up a thousand miles of dangerous coast-line because suitable steam-shipping has not been available. In spring and autumn the arrival and departure of Chinese labourers—a sort of trooping season which is renewed on a larger scale every year—alone constitutes a big trade in itself. In a single train which arrived during October from Khabarovsk there were 1,000 Chinese wishing to return home; and during the same month thousands of other men

could be seen collecting all along the Ussuri railway in order to travel home before the frozen season set in. The Chinese are going to be one immense factor in the Russian Far East.

It will now be fully understood that in the near future there are prizes to be won in this curious land, where pure Europe of the Russian type impinges on pure Asia of the Chinese type without the two elements becoming fused in the slightest, as has been the case elsewhere in the Far East. Although Japan is fully alive to the advantages of the early establishment of firm commercial foundations in these regions, this whole Pacific coast trade belongs rather to China, because of the very presence of Chinese in such great and increasing numbers and of the fact that in twenty years at most the enormous hinterland of Northern Manchuria will be fully settled and will contain possibly thirty millions of people in place of the present ten or fifteen. Regular lines of well-appointed and quite modern Japanese ships are already on the Vladivostock run, and are increasing from month to month. There must, therefore, be the same conflict here between China and Japan, as shipping competitors for a great and growing trade, as is now going on in Southern Manchuria and Korea. A preliminary analysis shows that since the war about seventy steamers have been arriving at Vladivostock every month during the open season. Of these seventy steamers at least twenty are always Japanese, ten Russian, ten German, ten Norwegian, and the remainder divided between the British,

Chinese, American, and Danish flags. A stroke of the pen further divides those vessels into four classes—these belonging to, or chartered by, the Russian navigation companies, which include all the Russian, German and Norwegian ships; those intent on making Japan the principal supply centre, which include all the Japanese ships; those which have been engaged in the special work of bringing supplies from America and Australia to make good the war-gaps; and finally those making the normal China coast connections, which include most of the British and Chinese ships. The third class will very soon disappear almost entirely, and then will commence a struggle between the Russian subsidised companies, the Japanese companies, and the independent and self-supporting China coast boats. The greatest credit is due to one British firm—Butterfield's—for entering the lists single-handed, and it is satisfactory to know that its enterprise is already being rewarded by some financial success. It is to be hoped that the China companies will now link up proper connections and not let slip an opportunity which will never return. To-day is the day of liners and schedules; nibbling will never pay. Hitherto everything has been in Japan's favour, because of the lack of independent enterprise. It remains to be seen whether this is always to be so; for the war gamble is now over, and a new position has to be faced and fought inch by inch. It may be that there are not to be as many years' quiet as was first expected, but the world of

commerce cannot live on expectations of war ; it must live by trading alone.

Another Far Eastern war ? That brings one immediately to the second part -- which a short time ago was the first and only part—of the subject, namely, military Vladivostock. To many it even now appears that this second part will ultimately be as important to the world's Far Eastern commerce as the first—indirectly, perhaps, in the case of neutral trading nations, but directly as regards the rival countries ; and because of the following facts.

The end of the war has left Vladivostock where it was before Port Arthur and the Manchurian adventure had deprived it of its former special importance : that is, has made of it again the outlook post, the advanced entrenched position of that great White Russia which, in the face of immense physical difficulties, has flung itself clean across Asia in order to reach the Pacific and the unfrozen waters by the directest possible route. This is felt vaguely as soon as one has been a few hours in the town and experienced the subtle electrical condition which is always present, in spite of the co-existing lassitude, an inseparable consequence of an unsuccessful war. It is not merely the inevitable fact that across the seas lies Japan, the potential enemy ; for Japan has always been there, and has always been in a concealed form the stumbling-block to the complete carrying out of the Asiatic programme of imaginative Czarism. It is not this alone which produces a curious and vague alarm in the minds of all the

people around one. No; the real causes of this unrest are Southern Saghalien, the Tiumen river line, and the powerful and ever-growing Japanese fleet. For a glance at the map—even if the political influence of densities of population be only vaguely understood—makes it clear that Northern Saghalien must always be a hostage in the hands of the owners of Saghalien south of the fiftieth parallel, for the simple reason that the Japanese island of Hokkaido lies just below the former Russian convict-island, and that again just south of that lies the main island of Japan, an island which can empty at a moment's notice hosts of soldiery across the narrow straits of Tsugaru and Soya, and direct them at will to seize this or that point. That is to say, the conquest of Russian Saghalien would be a matter not even of days, but merely of so many steaming hours from northern Japanese ports; and once that conquest had been accomplished, Nicolaievsk and the whole Amur delta, together with the frigid shores of Okhotsk and the distant peninsula of Kamschatka, would be virtually lost without a shot being fired.

Yet even this prospect does not concern Vladivostock as acutely as the question of the northern frontier of Korea. For, be it well understood, Vladivostock and the Ussuri regions are practically independent of the Amur territories, since the latter lie many hundreds of miles to the north, and the quick road to and from Russia is directly to the west—that is, through the neutral land of Manchuria. But the Tiumen river and what it now

means is something quite different for Vladivostock. From this frontier waterway to the head of the great Amur Bay is, as nearly as can be measured, only ninety miles along fair roads, and the presence of the Japanese on the Tiumen and their constant activity there is as acutely felt in Vladivostock as would be the movements of troops on the frontiers in rival European countries. In other words, all Japanese activity, expressed either in military-naval manœuvres—such as were held on the Tiumen in the first days of October or in road-making and mountain-railway building, leads to uneasiness and to indefinite beliefs which no amount of philosophy will explain away or excuse.¹ And here it is important, and more than interesting, to note that such feelings really mark a state of enlightenment on the part of the Russians—an advance in clear thinking which, had it been made thirty-six months ago, might have saved the Port Arthur *débâcle* and all the disasters of two sad years. For this uneasiness proclaims that the Russian is no longer a firm and faithful believer in mere fortresses and entrenched positions, to make up for all other shortcomings, but that he fully realises once more that the slow strength which defeated the Napoleonic invasion of a century ago is his only real power—the strength of a population tied to the soil, deriving its title to that soil from its cultivation and peaceful exploita-

¹ It is an actual fact that during the first week in October, 1906, reports received from the Russian outposts on the Tiumen river caused the Vladivostock forts to be made ready for instant action.

tion, and called to arms as a last measure to defend by every possible means its broad acres from invasion.

The paucity of the settled Russian population in the Southern Ussuri regions, when compared with the normal population which fertile land is capable of bearing ; the presence of large Korean agricultural communities in the interior ; the manner in which the great Chinese immigration tide surges this way and that ; and the unceasing audacity of the hosts of Japanese fishing-boats which swarm along the coasts ; the fact that European culture has not yet succeeded in clearly and absolutely establishing in any part of this territory that the Primorsk is land definitely won to the Caucasian--these things allow everyone to understand that although the title of the Russians to this province may now be counted clear enough in political documents, their continued and permanent tenure of the country is not nearly so certain. And while it is not suggested that everyone is capable of reasoning in this way, or that Russians are eternally occupied in so doing, it is evident that some such ideas have percolated through all minds and have educated them to the many possibilities of the future. Strong, therefore, as is Vladivostock of to-day in both natural and artificial strength, it is surrounded by elements of weakness which can be removed only by extraordinary endeavours, by extraordinary earnestness, and by the flux of much time. In the first place, a wholesale colonisation from Russia seems necessary ; secondly, a wholesale and unrestricted inflow not only of

Russian capital and interests but of neutral European interests and neutral European money as well ; and thirdly, the wholesale reform of the present vicious bureaucratic system. Can such things be hoped for with such careless owners? It is too soon to say.

Yet Vladivostock is strong, and even immensely strong, as far as mere fortress strength goes, and would undoubtedly cost many more thousands of men than ever went down at Port Arthur or Moukden, before it could be made to succumb. It has no cramping, no lack of space, no Kinchow isthmus to be cut behind it, no foolish pseudo-naval viceroy to play caprices with what should be done and what should not be done. It may now be said to be primarily a military base, a soldiers' home, an entrenched camp, which has become a commercial centre as well because of its magnificent harbour and its railway facilities. Its batteries are to-day complete and bristle with guns ; and although it has passed through two distinct fortifying periods—first by the completion of the old fortification scheme made long ago ; and, second, by the additional fortification scheme hurriedly knitted on during the last half-year of the war, with all the knowledge and experience which Port Arthur brought—the work of adding yet more chains of positions, and yet more dozens of heavy guns, is still methodically proceeding and will continue as methodically for at least ten years to come. The foolish idea expressed by some that Port Arthur was over-fortified, and

that over-fortifying leads to weakness, finds no echo in Russian quarters.

Over-fortifying! The word is absurd to those whose territorial title is insecure. If you have five hundred cannon, try to mount five hundred more and man them with another ten thousand soldiers—that is here the *mot d'ordre*. Thus the whole of that powerful island, Russia Island, which lies athwart the main entrance, is now a citadel in itself; and even at the present moment, when sincere efforts have been made to demobilise all the reserves and time-expired men and to leave the smallest number of troops consistent with safety, Russia Island alone is garrisoned by a whole division of troops at war strength. The fortress artillery of Vladivostock is reported, on the very best authority, to possess many pieces of the most modern and most powerful ordnance which can be turned out by the Russian military works, and which are furnished with all the latest French and German improvements. The Shkott and the Godolbin Peninsulas, as well as Russia Island, now mount the very heaviest guns in existence. The line of frowning batteries along the shores of the Amur has been continually and methodically extended until the fortification scheme may be said to embrace nearly the whole of the bay; whilst the other great inlet on the coast to the north of the harbour, Ussuri Bay, although ten miles away, is now also comprised in the grand scheme of defence. The total number of forts is

given as seventy-six, mounting some five hundred and eighty cannon of various calibre ; and when it is added that even with the constant home-going of troops there were at the last estimate thirty-eight thousand men actually included in the garrison (not including the extra Tiumen line of defence of Novokievsk and Possiet), and that the military and naval warehouses extending for thousands of feet along the naval basin are stocked with everything necessary for a three years' siege, it will be understood that Vladivostock is at last really a first-class fortress entitled to rank with the very strongest in the world. I travelled on the military roads and approached within a stone's throw of a large number of batteries, although constantly warned away by military police, to see what could be seen. It is true that there are no forts which hoist themselves theatrically high in the air (like the celebrated Golden Hill Forts of Port Arthur) until they appear impregnable ; neither are there any grimly menacing heights like the great Laotishan range distantly surveying the scene. The highest ground in Vladivostock must be the massive hills up which climb the white tentacles of the new town and on the top of which stand a signal station and a high Marconi mast. But yet there is ample room everywhere, and the mass of fortifying work is entirely different from the Port Arthur ideal and entirely differently designed. Port Arthur was manifestly a fortress built to be besieged after it had been cut off by an invasion of the Liaotung. It had therefore a com-

plete chain of modern works enclosing it on the land side, thus emphasising the fact that it was at the best a detached and isolated fortress at the very lowest tip of a great block of neutral country—a fortress which, once the command of the sea were lost, would have to fight a life-and-death battle unaided, and ultimately succumb of necessity to starvation. Vladivostock is quite different. For while the command of the sea has been lost by Russia, and remains lost, the strength of the place has increased. It is impossible now to harm it, or to effect a rapid landing on the immediately adjacent coasts, by acting from the sea; it can be safely approached only from Korea. To the distant north there is a wild country; to the south, to the east, to the west, forts, forts, forts, spread out over a great distance. The scheme of fortification, therefore, comprises no great chain of works immediately behind the town as at Port Arthur; here at the beginning there would be great open-country fighting on the land side, just as in the case of a European fortress such as Metz or Belfort, and an enemy would have to operate from distant bases. Once the defending forces were finally driven into the narrow ring of positions round the harbour, it would then be only a question of starving them to a surrender. The Vladivostock scale is, therefore, several times bigger than that of Port Arthur, and the forces which could be called upon to defend the place would within one hundred and fifty hours be at least three times as powerful as was the Port

Arthur garrison. It is said, indeed, that within a fortnight there would be nearly a quarter of a million men in and around Vladivostock. These things are important to note.

But for the moment Vladivostock is a great fortress and nothing else. For although its first importance should be derived from the fact that it is a seaport—a naval port, be it remembered, at land's end after that great march across Asia—the navy is practically non-existent. A single cruiser, the *Askhold*, released from internment and disarmament by the end of the war, lies forlornly in the naval anchorage in company with half a dozen old-fashioned or damaged torpedo craft; and to the observer, with the efficient Japanese fleet in his mind's eye, this ruined remnant appears for all the world like that immortal flotilla which lay rotting on the road to Mandalay.

Nothing illustrates this naval *débâcle* more clearly than the fact that although more than a year has passed since the ratification of the Portsmouth Treaty, the adjacent waters are still so crowded with both Russian and Japanese mechanical mines that incoming and outgoing vessels have only one fairly safe channel through which they dare to steer under charge of a pilot. This is straight out of the harbour for Askhold Island, or straight into the harbour from the same place, thus giving the old courses a wide berth. The whole of the enormous bay of Peter the Great, which extends from Korea right up to Vladivostock, is still notoriously unsafe

and has caused very many unrecorded disasters ; but in spite of this deplorable state of affairs no attempt has been made to sweep systematically for mines and to remove as quickly as possible such terrible dangers to merchant shipping. The remnants of the Russian Fleet in the Far East may lie rotting at their moorings for all the attention that is lavished on them ; and until the proposed Birileff naval programme puts new life into a discredited service, the Russian Far East will labour under an enormous disadvantage which no amount of faith in the future can repair.

Still, certain things which are even now being slowly done should be well noted. Thus the great new naval graving-dock is being steadily built on the harbour shores opposite the naval anchorage, a coign of vantage which is extraordinarily well hidden from the sea. When this dock is completed it will be a magnificent piece of work and one of the biggest docks in Asia. No pains, indeed, have been spared. A modern aërial railway has been rigged up, which conveys blocks of granite day by day from the adjacent quarries straight to the new dock and to the new wharves ; and provision has been made to add to the existing scheme without much extra trouble or labour. The total length of this new granite dock is upwards of seven hundred and fifty feet, and the estimates have been so framed as to allow battleships of 22,000 tons displacement to be easily accommodated. It is clear from this that during the coming decade improved Russian

Dreadnoughts are both to be built and to be despatched to the Far East--if ways and means can be found. When this new dock is ready by 1909, and the new machine shops and foundries are established, adequate facilities will exist for dealing rapidly with the repairs of a very large fleet. There is already a 500-foot dry basin and a fine floating dock which can take second-class cruisers, whilst the naval depots are also on a big scale. Vladivostock has thus in embryonic form all the elements of a real naval port.

These actualities and possibilities are, however, things which no one speaks of without misgivings. There is too much unrest and indecision at the present moment; too much division of authority in every quarter; too much confusion. Everybody is asking questions and attempting to surmise the secrets of the future, and believing very little in the present. "What is really going to happen during the next nine or ten years?" men busily inquire. Is it possible that the rival forces can go on gathering strength without actually coming to blows again? Does the present British Alliance merely give a period of repose to Japan so as to enable the final shock to be the more complete, or has the beginning of peace really come? These are some of the inquiries which are always on everyone's lips, and which follow you morning, noon, and night. It is acknowledged that the breath of kings is great; but it is equally well believed that the aspirations

and lusts of whole nations are uncheckable by mere paper arrangements.

In such circumstances it is small wonder that a new Vladivostock journal—so new that its issues were just now only numbered in dozens—a paper which is called something translatable as “Ussuri Life”—is already in hot favour because it has made the Japanese question its only issue. It is peculiarly significant that everyone should like this new journal; bureaucrats, officers of both services, purely commercial people, men of the streets, all read its comments with pleasure, and earnestly believe with it that the Japanese war has only been postponed until the most convenient moment. The infiltration of this idea all over Eastern Siberia, and then all over Russia, may have most serious consequences. For though the Russians are in a sense a slow people, they are highly dangerous when they become obsessed with an idea; internationally they have yet to be properly understood, for as a rule they do not think exactly as do other nations. Far greater attention is now devoted to everything in connection with Japan than would generally be supposed; and every item of news bearing on the special Far Eastern situation created by the aftermath of the war is immediately telegraphed both from Europe and from Far Eastern points to Vladivostock and quickly published. Good telegrams—that is, telegrams dealing frankly with things as they are, viewed from the Russian standpoint—ensure in

Vladivostock a speedy sale of street copies which are hawked about everywhere by small Korean boys dressed in semi-Russian attire ; and although much of the knowledge which is thus distributed is a bad training, since isolated facts unsupported by a full recital of a clear sequence of events are often misleading, it seems undeniable that in this portion of his Empire the Russian in the street is acquiring a sort of liberal education simply through the agency of newspapers. One morning I was struck for some reason by the insistence and fierceness of the news-boys' cries—these little Koreans have good lungs - and I succeeded in having the telegrams which were arousing such attention quickly translated. They were all concerned with the mission to London of Mr. Takahashi, Vice-Governor of the Bank of Japan, and they dwelt upon the certain fact that no new Japanese loans could be floated for some time to come, because everyone, even in England, was becoming suspicious of Japanese issues and Japanese plans for the future. Men and women appeared delighted at the news, for on all sides it is earnestly believed that more loans would allow a large increase in Japanese armaments to be made, and that this would inevitably be followed by increased activity in both Korea and Manchuria, and thus be only the preface to a general advance all along the line.

Yet in spite of this suspicion and nervousness, the authorities are doing their very best to allay all discontent in the army, and to deal with the inner canker which, according to the Czar, really made

peace necessary. All conscripts who have any claim to be set free are set free at once, and the Far Eastern units are thereby being made weaker and weaker. Almost every day, for months past, home-going detachments have marched through Vladivostock with bands gaily playing and long trains of baggage carts following behind. These detachments of sturdy, deep-chested, healthy, bronze-faced men, who would make such magnificent material for battlefields if they were but properly led, assemble at the railway station and are despatched to their homes in Siberia and Russia amidst lusty cheers from their less lucky comrades. I noticed that on such occasions regimental officers were always present in large numbers, and that they sought to place themselves on the best relations with the discharged men. This is evidently due to some new order. And so far from any restless spirit now pervading the army in the Far East, inquiries in many directions and ocular evidence tend to prove that the spurious military agitation which led to the Vladivostock *émeutes*—spurious since most of the men were only fighting and mutineering for free drinks and cared nothing for such an unknown thing as constitutionalism—has quite died out, and that the revolutionaries, who have developed into mere terrorists and calumniators, appear to have become as much despised and feared by the mass of decent population which they have sought to leaven as did the famous “sections” of Paris in the last days of the Revolution. By this it must

not be understood that Liberal and Democratic ideas are on the wane even in such a far distant point of the great Empire as Vladivostock; for the exact contrary is the case. It is rather that constant pandering to the basest instincts of the lowest classes and constant crimes against the lives and rights of private persons have finally discredited the revolutionaries, and made them detested as impossible and cruel people. This is not to be wondered at when some of the recent literature which has been emptied into Vladivostock is examined. A whole cargo-load, said to originate from Nagasaki, where there is a revolutionary centre, was recently seized, and consisted in the main of an extraordinary set of pamphlets full of the most scurrilous and defamatory attacks on the House of Romanoff which no decent person would tolerate, no matter what may require redressing in the Russian Empire. The authors sought to prove—and thereby to gain converts to their theories as to the rights of man—that the present Czar has no right to the Throne on which he sits because the whole dynasty is illegitimate and the Romanoffs a race of mere usurpers. The whole reprehensible theory of the pamphleteers turned on a fantastic construction of a dirty story belonging to the dim past. It will thus be understood that it is scarcely respectable to be associated any longer with the Far Eastern “patriots.” Evidence such as is afforded by these pamphlets proves conclusively that, if the bureaucracy is rotten, the revolutionaries are still

more so. A cleaner breed will have to be born before there can be any hope of winning the day. To abandon the bureaucracy in favour of such demented doctrinaires would be jumping out of the frying pan into the fire, and no one in the Far East now really believes in the extremists. The Kadets are the favourite political party in Vladivostock, but as no representatives are sent to the Duma, the deliberations of that body, and what they may bring about, are locally not very much believed in.

The combination of these various factors which have been briefly touched upon—commercial over-speculation ; naval and military doubts and confusion ; a much-swelled population ; a revolutionary propaganda ; the nearness of what is called the Japanese threat ; and the intermingling of a purely European population, knowing nothing of the real East, with tens of thousands of Chinese and Koreans—has made extraordinary incidents in Vladivostock matters of no moment. Two remarkable bank robberies which were very few days old in the beginning of October, 1906, illustrate this convincingly, and merit brief mention as interesting sidelights on the general situation. In the first case, at the dinner hour, which is in the middle of the day, a few men armed with revolvers went to the local branch of a very old and respected Russian bank—the Siberian State Bank—which is situated right in the middle of the main street of the town, closed the doors, and by terrorising with their glittering barrels the few employees who were

in the premises, were able to put the entire contents of the safes into gunny sacks without any alarm being given. Whilst this was actually going on people began coming to the bank (which is on the first floor) to draw money. They were merely stopped on the staircase by two polite ruffians, also armed with revolvers, who said that if all would wait quietly for a few minutes they would be allowed to go into the bank unmolested, and transact their business. There was to be no shooting. It is said that there were two policemen not more than fifty yards away in the street below, whilst there was a picket of soldiers only a little farther off. In less than ten minutes the whole gang came silently and quickly down the staircase, bowed to the trembling people who were waiting in fear of their lives, waved them to go upstairs, and jumped into hack-carriages with their loaded gunny sacks. From that day the daring rascals have not been heard of. This incident occurred on the Svietlanskaya—the Piccadilly of the town.

The second coup was even more boldly executed, and showed a calm disregard for everything which has never been eclipsed even in that land of sensational "hold-ups," the United States. On a certain day towards the end of the month, an officer, wearing a captain's uniform, presented himself at another bank and notified the chief cashier that he proposed the next day to draw a large sum of money for a regiment quartered on Russia Island, a regiment of which he was the paymaster. He

requested that everything should be made ready so that there might be no delay on the morrow, when he would return with the regular army order for the sum named. Twenty-four hours later he duly turned up, accompanied by his guard of soldiers with fixed bayonets to escort the treasure, and presented an army order which was complete and perfect in every detail. The money, said to amount to upwards of £10,000 sterling, was of course paid over to him in notes; the chest in which they were placed was slowly carried by the soldiers of the escort to an army cart outside, and on the officer's orders, the whole party marched off, and was swallowed up in space. Very soon it was discovered that the whole thing was an elaborate fraud from beginning to end, and that officer, soldiers of the escort, and army order had been created by a robber genius. It was a wonderful affair, and delighted everyone with a love for the picturesque and romantic, because it had so much local colour. In Germany they go mad over a Koepenick incident; in Russia there are such incidents every month. What struck everyone as being peculiarly neat and clever was the fact that all the many seals, signatures and counter-signatures required on army orders by the omnipotent and laughed-at bureaucracy—to prevent all possibility of frauds such as this—were complete and perfect in every respect, and exactly as they should have been. No one could imagine how this could have been effected without collusion, and as there is always

collusion, people ended by becoming nervous. Certainly the Russians are a marvellous people, who have not yet ceased astonishing the world.

It will perhaps have been understood from this incomplete description of a locality that may still make memorable history, that many developments are taking place, although amid much confusion. Inevitably much must be made, and much heard, of this window which looks out so curiously on to the immense Pacific.

CHAPTER III

ALONG THE USSURI RAILWAY

THE plan to construct a railway within the confines of the Russian Pacific province—that is directly to link up the Amur river with the fine Pacific harbour of Vladivostock—is officially stated to date from the year 1875. It was thus very early felt that it was a vital necessity to develop Vladivostock as fast as possible, as soon as the transfer of the Government offices and workshops had been made from Nicolaievsk to Vladivostock, thus converting the latter harbour into the chief Russian port on the Pacific. Until then, Nicolaievsk had occupied the premier position, and had been first chosen simply because it lay at the mouth of the Amur. It was not, however, until 1887 that it was definitely decided to proceed with the surveys of the Ussuri railway, which were successfully completed in the year following. In 1891 the projected route of the South Ussuri railway—the southern section of the 500-mile line—was approved by the Council of Ministers sitting in St. Petersburg and received the special sanction of the Emperor ; and

on 19th of May of that year the construction of the station of Vladivostock was solemnly inaugurated by the present Czar (then only Czarevitch), on his grand Far Eastern tour, and the first train was despatched for a distance of two and a half versts over the completed track. From the very beginning, therefore, the great railway movement in the Russian Far East has received the personal attention of the Czar. It has been an imperial dream, splendid in its conception, but faulty and disjointed in its execution.

In less than three years the southern section of the new railway—the section from Vladivostock to the village of Grafskaya—was completed; and thereupon the construction of the northern section—from Grafskaya to Khabarovsk, the Amur capital—was sanctioned and commenced. The whole line was hurried on so quickly that the first train actually ran through from Khabarovsk to Vladivostock in September, 1897. Thus in little over six years 721 versts of iron-way were constructed through wild and little-known regions and in the face of the most menacing physical and climatic difficulties. Eighty miles a year is anywhere no mean railway building performance; in Siberia it is extraordinary. Khabarovsk, the centre of administration of the Amur province, was in this way placed in direct and rapid communication with Vladivostock, “the Queen of the East,” and the pivot-point of the whole Pacific movement. It was a notable achievement, even in the eyes of neutrals; for without

rails no real progress in such bleak and distant territories can be made. And since the Ussuri railway is now in actual process of amalgamation with the Chinese Eastern railway, and the long-projected Amur line—an additional 1,500 miles of rail—not only has now been officially sanctioned, but is already being surveyed, the railway question in the Russian Far East, and the renewed development which it must ultimately bring about, is of special interest. This question will, therefore, be specially considered, for it has already entirely changed old conditions, and is fated to change them still more remarkably, in spite of the disasters of the war, if present indications may be trusted.

It is worthy of remark that the trains which now leave Vladivostock for Khabarovsk, only a decade since the first pioneer locomotive rattled over a hump-backed track, are good, without being in any way excellent. That is to say, whilst the materials are, generally speaking, first-class, the up-keep is very defective, and dirt and carelessness succeed in undoing half the good accomplished by Russian workshops, Russian workmen, and Russian engineers. No better evidence of this could be provided for the open-eyed inquirer than that which is afforded him at the very start. Vladivostock station, which was originally an excellent building opened by the Czar himself, has been reduced to such an exceptional condition of dirt and dilapidation by the coming and going of troops during the two anxious years, that polite and genteel passengers may well

feel, when they are about to entrain, as if they had inadvertently stepped into an abandoned emigration camp. Once installed in your *coupé*, however, these first disabilities are removed and you have an instant sense of relief. For, curiously enough, the Russian understands one thing rather better than other men—good springs. Not only does this apply to the seating, but to the carriage-springs as well. Everything in Russian carriages is comfortable for long travel—except the dirt. There is indeed no gain-saying the fact that, were Russian rolling-stock only better kept, it would occupy a premier position in the railway world. And a point which has not been sufficiently noticed in discussions regarding the Russian railway performance during the war, is that all Russian rolling-stock aims at lightness and resiliency rather than that massive solidity and strength which one would expect of the people; and these qualities, in combination with the broad gauge-rails, mean that Russian trains can be singularly easily handled and are, from the military point of view, ideal. All Russian passenger coaches, excepting those on special trains, are short and stumpy in comparison with their great height, and withal very light. The maximum dead-weight capacity of even big goods trucks has hitherto been fifteen tons, while the ordinary truck is limited, as often as not, to 750 *poods*, or, say, twelve tons. Russian engineers are still emphatic in their declarations that a steel rail, running only seventy-two pounds to the yard, is their ideal, and is suffi-

ently heavy for all their work. But they have a reservation ; it is that the ties or sleepers should be of inordinate size and closely spaced. They affect indeed the biggest ties that can be cut. In vast territories where timber is to be had for the asking, this can be quickly and cheaply carried out ; and therefore instead of constantly demanding heavier and heavier rails which are really only necessary for high-speed travelling, Russian engineers are simply putting down thicker and thicker ties. A cursory inspection of the Ussuri railway discloses the fact that the new type of sleeper is simply a half-tree of some fourteen inches in diameter very deeply embedded in the ballasting ; and, thanks to the climate, such a sleeper possesses a very long life. This arrangement, with a well-metalled road-bed, is held to be sufficient to give the track the durability, resiliency, and strength of a line provided with rails running twenty pounds heavier to the yard. And seeing that Russian engineers have built about 20,000 versts of single-track railway during the past fifteen years, and that their special work, such as bridge-construction, is held by competent experts to be some of the best in the world, there is no reason to doubt that optimism in their own methods is justified by concrete results. So superior in every respect, except in purely time-table work, is Russian railway work to that of the Japanese, that some of the criticisms made during the war regarding Russian railways now appear not only peculiarly harsh, but also peculiarly foolish. Russian railways

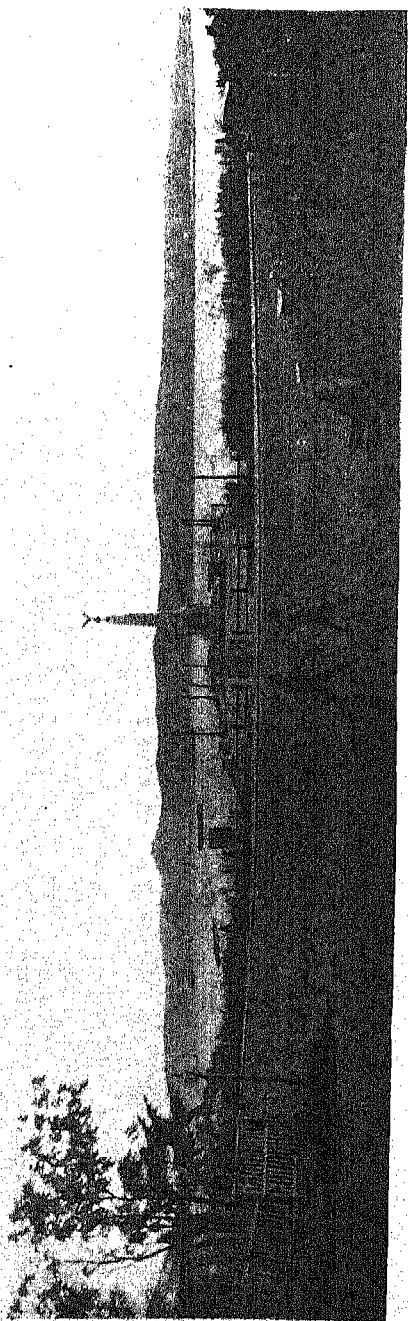
may indeed be said to have the future of their country in their hands.

Seated in the train, and comforted by the immediate proximity of a rough and ever-ready dining-car, furnished with a long table running down the whole length of the carriage, at which you may eat and drink at ease the live-long day, life soon assumes rosy tints. You puff out of the troubled, yet thriving town of Vladivostock to find yourself immediately running along the shores of Amur Bay. Far across this splendid inlet wooded heights are seen stretching away in the blue distance ; whilst on the bosom of the limpid waters, sparkling with the sheen of diamonds in the bright sunshine, are junks and small steamers making their way up to fishing villages and to the little river Suifun which falls into the bay. At Sedanka, verst 16, numbers of Russian villas dot the country-side, and lend a peaceful aspect to the scene. In this neighbourhood such persons as are furnished with an abundance of this world's goods, procured through governmental complacency, live during the two hot summer months, and enjoy their Far Eastern exile amid pleasant woods and cooling streams, and a panorama which could not easily be surpassed. Every station, you now note, has its quota of soldiery idly watching the in-coming train, and as the regimental shoulder-straps of the men meet your eye, the battalion distribution becomes clearer, and the function which Vladivostock plays is more specially emphasised. Detached bodies of infantry and cavalry, always

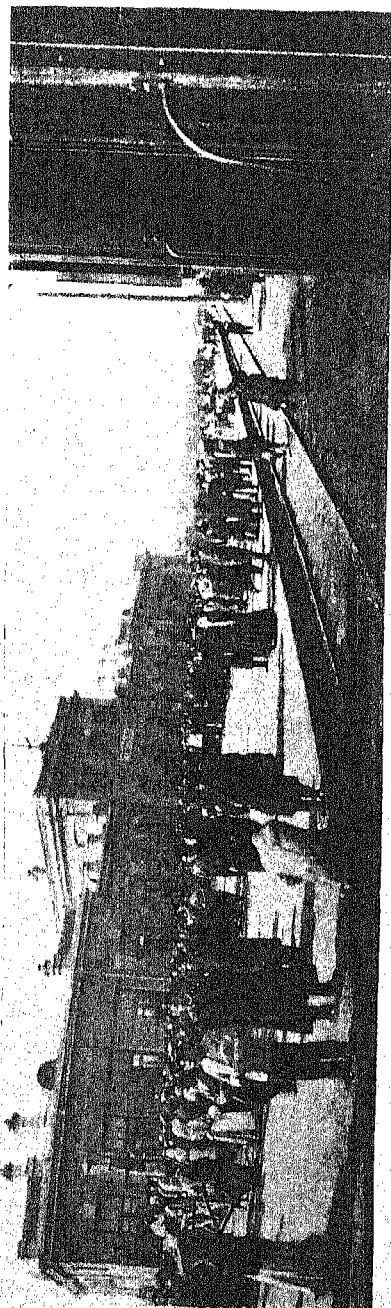
with their regimental headquarters either in Vladivostock or in Nicolsk, are distributed along the entire line, making continuous the chain of armed men which reaches out both to the Manchurian and Korean frontiers. There are soldiers everywhere along all lines of communication.

The country in this region is, generally speaking, not under cultivation. It consists mainly of rolling hill and dale, cloaked in thick undergrowth, and having only a few slender wind-bent trees, standing out conspicuously on the higher slopes. Occasionally there are patches of land which have been cleared and ploughed: but this is the exception rather than the rule, for nature is very wild and it has hitherto not been profitable for man to attempt to conquer her. Cart-roads, however, thread the country and lead to many quaint little Russian peasant homesteads, which are quite European in appearance. Yet somehow such farmyards seem queerly out of place; they have been very daring to have come so far, but will such transplanting be really successful? Instead of Russian carters and Russian horses at work, it is still merely the Chinaman from prosaic Shantung who is the master of the road, and it is still the Mongol or Transbaikalian pony that he drives. In spite of Russian immigration, kitchen-gardening in this broad belt is almost entirely in the hands of the Chinaman, who is thus engaged as usual in feeding the strong men who have come from afar; and the rewards of this labour are so great that means are still

always found to circumvent the regulations which attempt to debar him from tilling the soil. At all the bigger stations there are rows of Russian peasant women clad in prints and with their heads tied up in gay handkerchiefs. In their home-made baskets these women display for sale cooked fish, bottles of milk, great hunks of bread, and even roasted chicken and game-birds. The saying which still obtains in some countries that you have but to scratch the Russian to find the Tartar may be true in some senses ; but if it is meant to imply that the Russian is a semi-Asiatic who is perhaps merely returning *chez lui* by pushing forward this great Eastern movement, nothing more absurd has ever been imagined. For when you contemplate these blue-eyed, flaxen-haired, fair-skinned women and girls bartering their wares to the masses of low-born Chinamen and Koreans desirous of devouring food, you are able fully to realise that, contrasted with pure Asiatics, the Russian peasant women are as purely Caucasian as the purest Anglo-Saxon. The Caucasian pride of race and belief in its absolute superiority could never be more clearly illustrated than by the manner in which such women-folk deal with all these people whom they rate beneath them. There is perhaps some foolish comfort in this fact after the implied inferiority of the Manchurian battle-fields ; and to witness these vigorous, full-bosomed women deal out sweeping blows, and drive back, by their menacing demeanour, the hordes which seek to rush their



THE NAVAL ANCHORAGE, VLADIVOSTOK.



NICOLAI STATION.

positions, invites some applause. After all, such mothers cannot be breeding an inherently inferior race of men. If they are, the West must ultimately go down before the East.

Running steadily past these unimportant little stations at a speed which, although you carry the Czar's mails, never exceeds eighteen or nineteen miles an hour, in the fullness of time you reach Nicol'sk, which is exactly 102 versts, or 68 miles, inland from Vladivostock, and is the first and only really important township along the whole 500-mile line to the Amur. Nicol'sk is important for a great number of reasons, many of which you may easily and rapidly discover for yourself; but chief of all, the place is important strategically. In fact, if people still remember anything of the nomenclature of the late war and the vital points of the South Manchuria Railway, it is the Tashihch'iao, or junction town, of the Ussuri system. And, therefore, were it occupied by an enemy, it would have much the same effect on Vladivostock as did the cutting of the Manchurian Railway, south of Newchwang, have on Port Arthur. For at Nicol'sk the railway bifurcates, one line running due west towards the Manchurian frontier and the Chinese Eastern railway—that is, on the road to Europe—and the second due north to Khabarovsk and the Amur. Until now the line has been merely making its way inland, west by north. The occupation of this junction would, therefore, not only have the effect of isolating the great Russian stronghold, but

would entirely disorganise and cripple all intercommunication between the Russian Pacific Province, Manchuria and the Amur, and begin that splitting up, which, once commenced, is almost impossible to arrest or amend. In a word, the seizure of Nicolsk would be a Moukden for the whole of the Russian Far East. In such circumstances it is astonishing that rumours should have only recently spread amongst well-informed people that Nicolsk was being fortified very strongly; and although this is not exactly the case, since it is obviously absurd to fortify a mere town standing like Mafeking in the open on a broad veld, it is an undoubted fact that the chains of unending hills far to the south and to the south-west of the town are being slowly armed and turned into redoubts, thus making the Russian coast fortification scheme, which originally strictly applied only to Vladivostock and Possiet Bay, extend over an enormous area. But, as will be appreciated later on, the turning up of earthworks and the blasting away of rock are only *pis-allers* in these regions. Something else must come to insure real security.

As the town of Nicolsk glitters before you in the afternoon sun, a mile away from the station buildings, there is, however, but little suggestive of war's rude alarms in its appearance. Indeed, it is peaceful in the extreme—so very pleasant and so curiously and essentially Russian in its aspect, that even had Aladdin's wonderful lamp been rubbed, no better surprise could have been brought to one's eyes.

For where the Englishman goes in Asia he merely pushes clear a space for himself and allows the Asiatic hordes to build around him. With the Russian, backed by his immense weight of numbers, it is different. He assimilates, and by assimilating, really dominates. The gaudy domes of Orthodox churches stand out conspicuously above the dead-level of the plain, and the great white splashes of houses, which have spread out amazingly during the past two or three years, together with the large crowds of lusty men and women assembled at the station, proclaim how much the place, which was originally only a military camp, has already changed in character. Although no *post bellum* statistics are available, it is computed that this town alone has now a civilian population of twenty thousand souls, most of whom are Russian; whilst, in addition, it serves as a supply base for more than two divisions of troops guarding the frontier line. Originally only a training-ground for recruits, a natural movement has of late changed its character, just as in the case of Vladivostock. For while the Korean frontier is over a hundred miles away—that is, the Tiumen river boundary—the theoretical frontier of the Kirin province of Manchuria is not more than fifty miles off. It is not generally known that the strip of Russian territory running down to the Tiumen river from Vladivostock and Nicolsk is so narrow, being hemmed in by the eastern Kirin or Manchurian frontier, that in places it is actually only forty miles between the old Chinese boundary

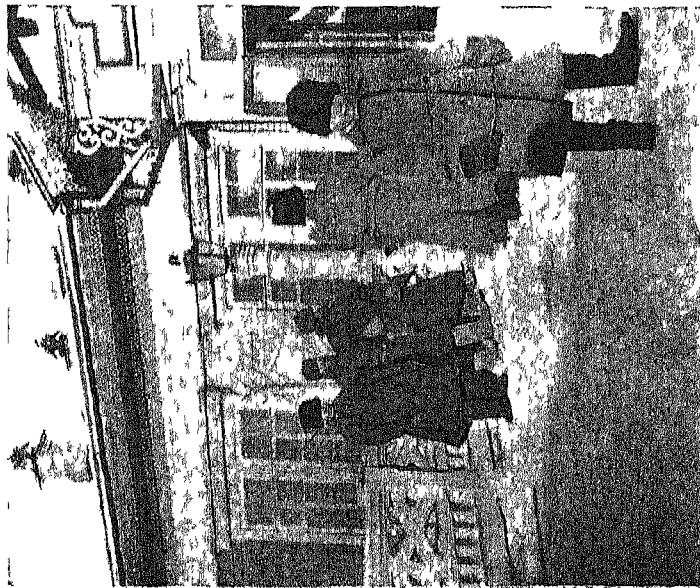
line and the ocean. The expression "between the devil and the deep blue sea," which is now applied to this command by Russian officers, is peculiarly appropriate; for as Chinese territory in this lost corner could be violated without danger for many years to come, a hostile force could hurry, quite unseen, from Korea, through the Kirin hills, until it arrived within a single day's march of Nicolsk itself. It would then be within practical range of isolating the whole important area before any counter movements could be developed on a large scale—perhaps terminating the first trick by a master stroke. It is true that Russia has always maintained a fairly close watch on this unknown portion of the Manchurian boundary-line, but as her frontier guards have hitherto consisted of very small detachments of Cossacks, no effective barrier to large bodies of troops has existed. If she is now seeking to repair this deficiency by the methodical construction of redoubts, and by the stretching of many miles of telegraph and telephone wires, no one can as yet construe such actions into offensive operations. From the Russian point of view everything now is defensive.

The town of Nicolsk has thus acquired special importance. Its streets and its life—although it is a supply base—are far more dominated by civilians than is Vladivostock, and there are only a couple of regiments actually in garrison in place of the thousands of recruits who once thronged its squares. It is like the ordinary Siberian town—that is all.

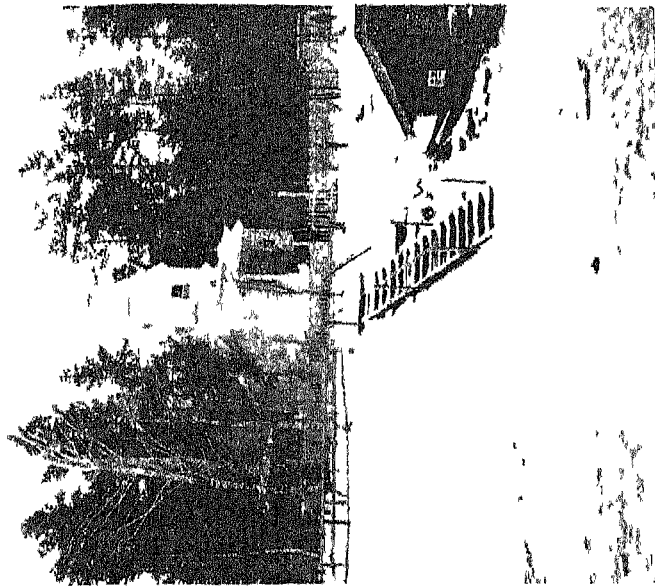
As a base, too, it is peculiarly admirable. The hill and dale, which are such features of the landscape from Vladivostock up to within a very few miles of the town, have now all disappeared, and in their place is merely a great rolling South African plain, as flat as your hand, continuing in every direction as far as the eye can reach. At a rough estimate this plain must contain many millions of acres suitable for wheat cultivation, for the flat country continues almost unbroken up to the Manchurian frontier and for yet more dozens of miles due north towards Lake Khanka. The urban population of Nicol'sk may in years to come grow rich as handlers of the proceeds of enormous harvests, for although as yet farming is a negligible quantity, people are beginning to understand possibilities at which they contemptuously scoffed only three short years ago. They understand too well that the future is uncertain, and that all kinds of entrenching have become good. Agriculture, then, must shortly receive a great impetus. Outlying hamlets, with old-fashioned Russian windmills scattered here and there, are even now growing up on the great plain, and Russian peasantry are beginning to till and to sow, and to dream of big harvests.

Were this Pacific province exactly like Western Siberia—that is, were it virgin soil with no living souls in the neighbourhood for hundreds and thousands of miles around—possibly Russian colonisation and Russian agriculture would have made greater strides in the past forty years than has been the

case. But there has been an impediment. This is the curious fact that for the past thirty years a respectable Korean population, scattered here and there, has been thriving so exceedingly by all manner of farming that more Korean immigrants are constantly arriving. The presence of these people can now scarcely be helped, because the Russian Government accepted the situation at the beginning of the occupation of the Maritime Province and extended to all Korean immigrants their benevolent protection. These began their curious invasion many years ago, when both Eastern Kirin and the Primorsk were entirely unsettled, merely because they were driven by stress, and there was no one to stop them. Neither Russia nor China cared much at that time about such a movement; neither could they foresee what new questions might ultimately be raised by it; and up to within ten or fifteen years ago there were probably not more than five or six thousand squatters in Russian territory. But there is reason to believe that these figures have lately been enormously increased; and although no precise data can be gained, it appears that more and more Koreans are now continually crossing the boundary line to escape the Japanese. Not only are they to be found scattered along the valleys and plains of Southern Ussuri, but colonies of them have found their way as far north as the Amur river, where they live in separate communities, preserving all their natural customs. There is such a colony just below Blagovestchensk on the Amur; no one knows how they



TYPICAL RUSSIANS AT A TYPICAL STATION.



A COMFORTABLE CHAIR ALONG THE USSURI RAILWAY

got there. The presence of many thousands of these people in the immediate vicinity of Nicol'sk, and the fact that greater numbers come in every year to do the harvesting work, has undoubtedly hindered the development of Russian agriculture. For in this respect the Russian is much the same as every other European. He cannot enter the competitive field permanently side by side with Asiatics; he inevitably goes down in the struggle. If the whole of the enormous Nicol'sk plain is to become, as it should become, a highly important Russian granary for the whole of the southern regions of the Pacific province, this matter will require scientific treatment. For the time being no one who has seen the kind and considerate treatment of these Korean settlers at the hands of the Russians can help contrasting it with the treatment being now accorded to Koreans in their own territory south of the Tiumen river by the Japanese. Here the Koreans are almost wealthy, and so different and so much more manly in general appearance than their stay-at-home brothers, that the dullest onlooker cannot but be struck by the almost extraordinary and inexplicable difference. The men are turned from cringing beings into upstanding mortals with a rugged manliness about them. They are also possessed of a confidence and a good humour which seem to prove convincingly that, although a simple people, the best results can easily be obtained from them if they are well handled. Their womenfolk, too, are on excellent terms with the Russian peasant women, and are

quite changed in many characteristics ; they seem to possess the same superiority over other Eastern women living in hot latitudes, as has been remarked in the case of the Manchu women. The fact that they are Turanian in stock no doubt does something towards differentiating them ; yet this alone cannot explain all. Freedom, good treatment, and a non-interfering Government have just as much influence ; and everything found in Russian territory goes to prove that the contention of the Canadian missions of Northern Korea—that an Anglo-Saxon system would revolutionise the country and the Korean people in five years—is absolutely true. From the window of a Russian railway carriage a new aspect of the Korea question may thus be focussed, an aspect which is eminently embarrassing to those who have too blindly worshipped the political panorama and paid attention to nothing else.

The train slips away from Nicolsk station, and now the railway line suddenly bends sharply almost due north so that you may travel the straightest possible route to the great Amur. To the southwest the second line of metals may be seen heading for the station of Grodekov and the Manchurian frontier ; and as you thus slowly travel in the fading twilight something of the grandeur of Russian schemes—something of their all-embracing nature, which is so careless and impatient of tiresome and petty details—is impressed upon you. It is so immense, this Russian Empire, so unending, so really great, and, best of all—instead of being split

up into small component parts as is its only real rival, the British Empire—it audaciously stretches without a single break from the thirtieth degree east of Greenwich to within sight of the shores of the Americas. Where you now sit travelling slowly northwards you are still nearly nine thousand versts, as the crow flies, from St. Petersburg; it should therefore not greatly surprise you that the rich alluvial plains around you lie fallow. There are lines of hay-ricks on the horizon-line, it is true, but the patches of yellow stubs, showing where corn cultivation has extended, are few and far between.

At the siding of Dubinsk, twenty versts from Nicolsk, you reach one of the last stations at which there are signs of the frontier military activity. Here are extensive barracks providing quarters for the reserves of the advanced lines which lie far to the south; but north of this station—that is, on towards the Amur—the ever-growing distance from the important Korean-Manchurian borders renders useless further military concentration, and the stations immediately lose almost completely their former military aspect. As you steadily move due northwards the line suddenly begins to bend and curve as it climbs the watershed of the Lake Khanka basin, and at verst 185—the versts are reckoned from the starting place, Vladivostock—the important village of Chernigovka is reached. This village, or rather collection of Russian villages and hamlets, has grown quickly during recent years, and

it is now estimated that, with all outlying farm-houses, there are four or five thousand men and women settled in the immediate neighbourhood of the station. A large steam flour-mill has been erected, and the impetus it has given to agriculture is so marked that new mills are shortly to go up to encourage greater efforts. The Government is responsible for this enterprise. Indeed, everything worth having here has been promoted by the Government; and had the people only Anglo-Saxon energy there is no saying what they might not make of their Eastern Empire.

As you continue slowly and monotonously towards the north, with methodical halts every now and then, the enormous possibilities of this country become more and more patent to you. For between the stations of Chernigovka and Spasskaya, a distance of nearly forty versts, there is a region which, compared to the rest, may already be called densely colonised by Russian peasant settlers, who have been unwillingly dragged from the homeland. The wide cultivated areas are intersected by meadows and roads running in every direction, whilst the whole horizon is dotted both with pleasant villages, built after the Little Russian style, and with picturesque windmills. They look almost unreal and unbelievable in such latitudes, and yet it is no mirage; it is again the handiwork of the Russian Government. It is computed that Southern Ussuri contains a fertile area of at least five thousand square miles which might

be wholly given up to wheat cultivation, and which would easily allow of a Russian rural population of half a million or a million souls. The Russian Government has not been oblivious to this possibility; and ever since the war, in addition to inviting settlers from European Russia, inducements have been offered on a generous scale to time-expired soldiers of the East Siberian Corps to settle in the Far East permanently. As a result of these offers, which include a free grant of land, about 9,000 young men actually took their discharge in the Pacific province ostensibly to become permanent settlers. But unfortunately the system soon proved defective. These voluntary settlers, instead of being immediately forced to take up the land allotted to them and to have their families brought out, were allowed to remain in the towns and there to gamble or drink away their bounties. Of course, no sooner were they without funds than they presented themselves at the Government offices, and demanded as their inalienable right that they should be repatriated to their own villages and not allowed to die exiles in such a horrible country. This illustrates in a minor way how the Russian Government, although constantly attacked for its grandmotherly legislation and its centralised bureaucratic system, has of necessity become what it is, because of the very character of the agricultural classes. The character of these classes, who practically form the whole nation, is such that without Government help and Govern-

ment overseeing they would, as often as not, allow themselves to be starved to death. The principle of collectivism and mutual interdependence is so ingrained in the Russian character that real individualism and self-help are seldom thought of, and if you were suddenly to take away the old system nothing but chaos could result. In a single month I saw again and again crowds of able-bodied, but needy men besieging Government offices and Government officials in the Pacific province, and demanding as their right not only that they should be taken care of at once, but that they should be given money and sent home.

Once north of Spasskaya, there is another change in the character of the country, and broken and marshy land becomes more and more frequent. The dryness of Southern Ussuri is slowly disappearing. Lake Khanka, that strange sheet of water across which the theoretical boundary line between Russian and Chinese territory is traced on maps, is now near, and moisture is in the air. This curious lake, which is sixty miles long and not much less in width, has been but little explored. It lies on the flank of two empires, and along its Manchurian shores the dense forests and tall mountains, which stretch sheer across to the great Sungari valley, immediately commence; whilst on the Russian side, except for a few oases, the same wilderness exists. You begin to understand something of the nature of the conquest so lightly under-

taken forty years ago. It has been too great a task to complete as quickly as was desired.

At one place the railway comes to a point within a very few miles of Lake Khanka, but although Russians and Chinese indulge freely in fishing along its shores, and, before the railway was built, sledges carrying passengers from Khabarovsk to Vladivostock used to cross its glassy surface in winter, the whole region is still *terra incognita* and the proximity of the railway alone gives it life and blood.

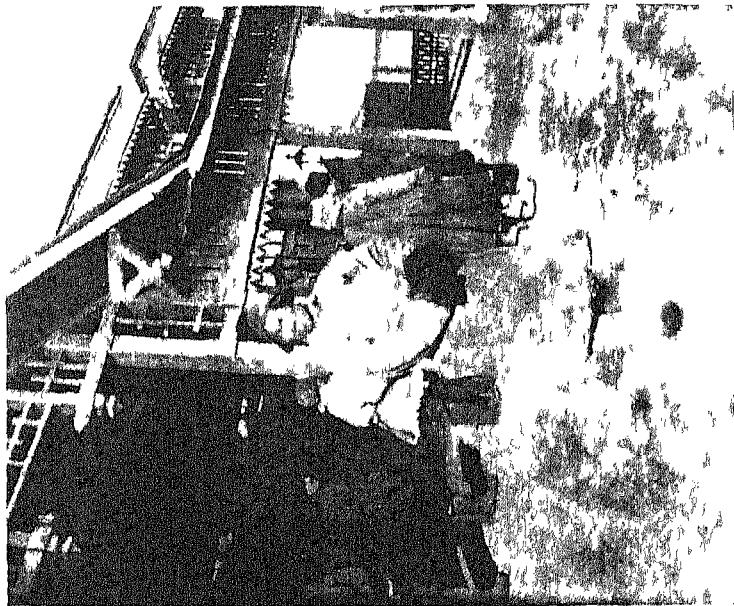
From here onwards to the station of the Ussuri the track traverses a vast steppe-like plain, constituting the so-called Prikhankoisk depression, which still lies desolate and untouched by the hand of man. It has been supposed that at some remote date the extent of Lake Khanka was much larger than it is now, and that this depression, as well as a considerable portion of the surrounding country, formed a part of the lake, which must then have been amongst the biggest inland sheets of water in the world. During the severe rainy season this whole locality becomes transformed into an immense water-basin, and all idea of agriculture has, therefore, hitherto been quite impossible. The richness of this belt, however, is such that the Government—when it has sufficient funds and courage for the purpose—proposes to drain the whole plain, an undertaking which, according to an expert's opinion, would not be difficult. The carrying-out of this

scheme would secure an additional area of several hundred thousand acres suitable for wheat cultivation and give room for many additional thousands of settlers.

The station of Ussuri, immediately to the south of the river of that name and verst 327 from Vladivostock, is soon reached, and you pass from Southern into Northern Ussuri. The Ussuri river itself is a most important waterway, rising in the vicinity of Lake Khanka and navigable by steamers along its entire course until it falls, a broad, swirling sheet of water, into the Amur. This river not only has given its name to the whole of these regions, but served to develop the country before the day of the railway in a way which would have been impossible had there been only the rough roads to rely on. Here, as further south, new Russian settlements are at last being slowly established; but the immense unbroken stretches of plain heaving away in every direction proclaim that it must be the work of many years before the country can be more than sparsely inhabited. At the stopping places there are always the same little crowds of Russians, roughly dressed and long-bearded, and impartially mixed with Chinese and Koreans. All regard the train as a living friend, and the same constant buying and selling of the necessities of life goes on gaily. Yet you feel instinctively that you are rapidly becoming lost in the heart of a continent, and that these little clusters of peasant people, leading exile lives in such distant spots, surrounded by



CLEARING AWAY THE FIRST SNOW, USSURI STATION



Types in the Primorsk
A Northern Chirami in the foreground, the rest Russians

more energetic Asiatics, who come only to disappear again with all the money they have easily earned, have something pathetic about them. In winter, when an arctic cold has shut down on everything, the monotony of the life is said to be appalling.

The Ussuri river is crossed by a splendid steel bridge towering high above the waters ; and beyond this the character of the country again undergoes a change. The line now runs through a region covered with scanty woods of foliage trees, and the scattered settlements of Russian peasants and Cossack communities become rarer. At the station of Muravieff-Amursky, named in honour of him whose genius and daring added this province to Asiatic Russia, there is, however, a growing town, and ten versts farther on Imma, or Grafskaya (verst 387), the one important point in Mid-Ussuri, is reached. The river Imma flows into the Ussuri river a couple of thousand yards away from the main station, and is the first of three rivers, the Imma, the Bikin, and the Khor, all navigable for small steamers, which have had much importance in promoting the development of the country. When their future possibilities are better understood they will doubtless play a still more important rôle. These rivers all flow into the Ussuri from that great watershed, the Sikhoti-alin, a massive and largely unexplored mountain range lying between this Ussuri belt of country and the now distant Pacific coast, and thus practically making half the country useless for colonisation, since the mountainous

districts are savage and forbidding. The course of these rivers is, practically, from due east to due west, and they thus tap and drain a vast region of wild country lying on the eastern flank of the railway, which would otherwise be quite impenetrable, and place it in water communication with the Amur. Were it not for this generous river system, with which Nature has endowed these regions, all development in the past would have been very difficult; as matters now stand there is no reason why in a very few years these waterways should not contribute very considerably to the rapid progress of the whole Pacific territory by serving as valuable feeders to the railway. Already there are quite a number of small steamers and barges engaged in the growing lumber traffic; and, as has been the case in Siberia, the existence of railway facilities side by side with water facilities has tended to bring about a sudden expansion as soon as settlers have been sufficiently numerous. In the days before the coming of the railway, this important Ussuri river system actually permitted mails and passengers to be taken straight through from Khabarovsk to the lower or southern end of Lake Khanka, entirely by water. From thence to the head of the little Suifun river, which empties itself into Amur Bay, it was necessary to go by post-carriage; but once the Suifun was reached, small steamers took up the carrying work and conveyed mails and passengers straight through to Vladivostock. Thus, with the exception of a hundred odd miles of road travel—

from Lake Khanka to the Suifun—the entire distance between the capital of the Amur province and the free port was covered on water in from seven to ten days, long before the railway came. In winter, sledges made an even more rapid passage possible on the glass-like surface of the rivers and on the snow-clad roads. It is astonishing to remember how rapid communication was, before modern inventions came into use, between inland points in Russia and Siberia. The post-road system was the most perfect in the world for rapid travelling over long distances.

Of the broad belt of country lying between the Ussuri plains and the Pacific Coast little is even now really known. Difficult passes lead over the mountains to the sea, but they are seldom used. The Sikhoti-alin ranges, sweeping in great stretches hundreds of miles long from a point not far from Vladivostock right up to the vicinity of Nicolaievsk and the Amur mouth, are largely covered with dense primæval forests along whose fringes only trappers and explorers have wandered. These trappers have principally been the Pacific Coast aborigines, either Goldi or Gilyaks, whose numbers, never very great because of the incessant struggle for existence with Nature, now appear to be rapidly diminishing. Chinese traders at such points as Vladivostock and Khabarovsk supply these people with stores and clothing on trust at the beginning of each hunting season, and receive in return the most valuable part of their proceeds of the chase. Many of the most

costly pelts, such as silver-haired sables, and silver and blue foxes, as well as ermine, are obtained in these regions, and shipped direct to the European fur-markets; whilst coarser furs, such as bear skins, otter skins and wolf skins, are both used locally and exported in very great numbers. It is only after the winter hunting season that much of these strange Tungus-natives is to be seen; generally a few degenerates dressed in a mixed Russo-Chinese garb are the best that are noticed at some of the railway stations, but they have nothing interesting. Little, indeed, would their insignificance appear to have changed since the days when Russian explorers, half a century ago, traversed the country. The accounts of a Russian scientist, Veniukof, whose travels through these regions and whose reports made in the year 1858 induced the Russians after they had come down the Amur to demand in the Peking Treaty of 1860—in addition to the left bank of the Amur—the whole of the Pacific province from China, show how little hold Peking ever had on these regions. Veniukof, starting from the mouth of the Ussuri, accompanied by a few Cossacks, not only explored the whole river to its source, but secured a complete account of the country right down to the Tiumen river. He found everywhere the same story—the scattered Tungus hunters and river-fishermen trembling under the menace of the small Manchu posts, which had been established along the waterways for the joint purpose of extorting sables

as tribute and of seeing that no intruders made their way into the country. A few Chinese fugitives from justice, who were hidden away in distant corners, were also met with; whilst in the extreme south was a scattering of Chinese farms, closely guarded by armed men, where that precious plant, *ginseng*, which requires peculiar climatic conditions, was raised in quantities. The Goldi fled in terror in their birch-bark canoes at the approach of the small Russian exploration party, not because they feared white men, but because the Manchu tax-collectors would beat them to death for giving help to strangers. But in spite of this, these Tungus natives in the end supplied the bulk of the information which, coupled with the evidence of his own eyes, allowed Veniukof to see how slight a hold the Manchus had on the country. Beyond a few hundred natives, a few hundred Chinese fugitives, and a few dozen Manchu guards distributed in small posts, there was no one in a territory measuring many hundred thousand square miles. It was obviously open to annexation.

But here is a short portion of Veniukof's account, which is singularly interesting not only because of its naiveté, but also because of the picturesqueness and poetry of its diction :

"Early on the 13th June we left the post at the mouth of the Ussuri. Rapidly we passed the Khoekhtsi range (Khukchir-Khurgin) on the right bank of the river. This range, it would appear, is a ramification of a mountain chain which extends eastward from the mouth of the Ussuri, and separates the tributaries of the Amur (Dondon)

from those of the Ussuri (Ky) and the coast rivers (Fish River). These rivers probably rise where this chain joins the coast range, known as Sikhoti-Alin. The mountain ridges everywhere are steep and covered with forest, where we find elm, walnut, oak, black and white birch, aspen, ash and bird-cherry and a few cedars. There are neither pines nor firs. Vines and jessamines are found in a few spots, and on the southern fringe of the forest surrounding the Khoekhtsi, apples and even bergamot pears, the vegetation, in fact, reminding one of the most favoured parts of Central Europe. Beyond the Khoekhtsi Mountains, both banks of the Ussuri are formed by a uniform grass plain with a few groves of oaks, elms, aspens, and willows. For a distance of almost fifty miles, following the course of the river, the banks are inundated in July and are therefore little adapted for settlement. To compensate for this the lakes and swamps abound in game. In the lakes are also found fresh-water turtles, which are eaten by the Goldi of the vicinity. A great many of the eggs of these turtles, which they bury in the sand at the margin of the lakes, are destroyed by birds of prey. The abundance of fish in the shallow places of the Ussuri is really wonderful. At times, when we passed unruffled and shallow parts of the river, numerous carp, gamboling on the surface of the water, would sometimes jump into our boats. Fish constitutes the chief article of food among the neighbouring Goldi. They do not, however, make much clothing from fish-skins, but use coarse cotton stuffs. The name of Yu-pi-da-tzi, *i.e.* 'Fish-skin Strangers,' given to them by the Chinese, had therefore but little significance.

"On the second day of our journey it began to rain, and this rain continued for forty-five consecutive days. These rains, which owe their origin to the neighbouring sea, constitute a peculiarity of the climate in the valley of the Ussuri. They cause that river and some of its tributaries to have a superabundance of water. To me this copious fall of rain was very inconvenient; it greatly interfered with our labours, and necessitated the seeking of our night's quarters early, so as to have time to dry our clothes before

retiring to rest. The banks of the river are occasionally sandy, but for the most part covered with clay-mud, and walking along them was rather a difficult task. The rains caused the grass along the river, which until now had been soft, to get tough. As these rains occur every summer about the same period, future settlers will have to mow the grass first in May, and afterwards in September. The river forms here numerous branches, enclosing islands. The rivulet Ky enters the Ussuri from the right, twenty-two miles above its mouth. Near its mouth stood yet in 1855 the village of Kinda, indicated on the map of Maximowicz; it has since been burned down, and the Goldi have removed to the left bank of the Ussuri, and call their two poor huts the village of Khungari. During the first two days of our journey we found only three villages viz., Turme, Jacha (Jaoda), and Khungari, having in all but eight houses. One or two Chinese families have joined the native Goldi.

"In the evening of the third day we came to the mouth of the Khoru, or Kholo, erroneously called Por on former maps. This river rises in high mountains at a distance of two hundred and fifty miles, has a very rapid course, and on entering the plain divides into several branches; it carries along with it large masses of stones and trunks of trees, in an immense volume of water, and enters the Ussuri by five mouths, the two northern of which are particularly rapid. The temperature of this current was (in June) three degrees (Réaumur) less than that of the Ussuri. As we approached the Khoru we could see the localities on its right bank well adapted for settlements, and partially occupied by Chinese and Goldi. The village of Khoicha, forty miles above the mouth of the Ussuri, extends along both banks of the river for four miles, but the whole village only contains nine houses, dispersed in the forest. At the time of our visit, half of the inhabitants were absent. We availed ourselves of this opportunity to visit one of the houses, the doors of which were not locked. The household furniture consisted of a few vessels of wood and clay, some fishing implements, and a large cauldron fixed on the

hearth. In a store-house, built on poles to preserve it against rats, we saw a swan hanging, and found traces of peltry. A small temple which stood apart attracted my special attention. On a wall inside was a very bad painting of a deity, probably by some Chinese artist. A small box, into which incense is put from time to time, stood in front of this temple. To me this discovery was very interesting; for at the time of the Jesuits not the least trace of public worship existed among the 'Yu-pi-da-tzi.' The bonzes found nothing to attract them to a country where neither wheat nor rice was being cultivated. But in spite of this the gods of China have found their way to these regions.

"On the 16th June, we met at the mouth of the river Sim a young Orochi, from the Khoro, who had also been on the sea, among a family of Goldi. He told us that in a canoe made of the trunk of a tree we could ascend the Khoro to its source, which lay in the midst of high mountains, whence the sea might be reached on foot in four days. From the Goldi we heard that the Khoro in its upper course receives a tributary, the Chernai, whence there is a portage to the Samalga, a considerable river flowing into the sea. Maximowicz ascertained that there was a path from the sources of the Khoro to a rivulet falling into the Amur, and called Pakhsa (called Peksha by Admiral Nevelskoi). The Chinese who go from the Ussuri to the Amur to buy sables take this road, from which we may calculate upon the region being populated.

"On the following day, 17th June, heavy rains in the morning made it necessary to make a halt about noon in order to take measures against our provisions being soaked. On this occasion, I, for the first time, got an insight into the relations between the Goldi and the Manchus. The Goldi fishermen near whose tent we landed were very much frightened when they saw us. At first they were inclined to run away, but finally thought it best to submit to the decrees of Providence and to the arbitrary conduct of the Manchu, for such at first they took us to be. They were greatly surprised when, in return for a large fish they brought us, we presented them

with two or three yards of *daba*. A woman who, until now, had remained in concealment with her boy, three years old, came forth and celebrated our generosity in a song. A great many children, shy as they usually are, surrounded us without fear. Among these poor people, I observed a man whose face and figure differed considerably from the usual type of Goldi and the Tunguzians in general. He was muscular and rather corpulent, and his large beard and moustaches gave him the appearance of a Russian peasant in foreign dress. His eyes were large and round, but the large space between them indicated Mongolian race. Possibly exceptions of this kind may have existed among the Goldi when our Cossacks first came to the Amur. The Goldi (of the Ussuri) has, however, no very clear idea of the history of his tribe. He has heard that there are Russians who have come to settle on the Amur, but is afraid to ascertain for himself for fear of the Manchu. When he pays his ordinary tribute to the Manchu official at Turme—and this consists of all the fables he may be possessed of—he returns, and in conjunction with some family related to his own, sets to work to secure the necessary food and clothing for the winter. He goes to the forests to hunt, and returns before the inundation, so as to have time to dry a sufficient supply of fish to last through the winter. On the occasion of our visit a great number of fish already hung around the birch-bark tents, and all were engaged in its preparation. . . .

“On the 27th June we were overtaken by some Goldi twelve miles from the Tsifaku, who were going in their birch-bark canoes from the mouth of the Ussuri to the Imma. They had left Turme three days after us, and were the only people during the whole of our journey who brought us news of the Russians. According to their own statement they were on a visit to some relatives on the Imma, but it almost appeared as if they had instructions from the Chinese officials at Turme regarding ourselves. At all events we saw them subsequently in company of the Chinese at Imma. They asked whether the Governor

General intended himself to explore the Ussuri, and whether the Russians were coming in the ensuing year to settle along it. When they were told such would not be the case, they communicated our answer to the Manchu official commanding at Imma.

"At our night's quarters between the Bikin and the Nishan we had plenty of leisure to observe the customs of the Goldi whom we met there. One of them having seen silver in our possession proposed to exchange it for sable ; and when I asked what he was going to do with the metal, he told me that his old mother was near her death, and that he wished, according to custom, to place a silver bracelet round her wrist on her death-bed. Another Goldi had his tail cut off as a sign of mourning for a deceased mother. The Goldi are addicted to polygamy, and in many instances from a feeling of duty. One man of thirty, with a very large family, had three wives, two of whom had become his by the death of his younger brothers. He thought it incumbent upon himself to distribute fairly his favours amongst all, and the eldest of them, as it were the mother of the family, exacted obedience from the two others. Like all other nations amongst whom polygamy is in vogue, the Goldi are very jealous. It was only by special favour that our host permitted me and the interpreter to remain in the tent during his absence. Our people he kept as far away as possible. On our departure he expressed himself in flattering terms about the good conduct of the Russians. The Manchu act differently. . . .

"Since leaving Imma, we had been accompanied by four Chinese, with a Manchu soldier at their head. These formed our escort by order of the officer commanding at Imma, and acted as spies upon our doings. They were very polite, but always preceded us and forbade the Goldi to accompany us, as I was at that time looking out for a guide. They succeeded very well in foiling my endeavours, and I found only one man not altogether disinclined to serve us as guide. He was an old man from the village of Choborka to whom life has become indifferent. 'The

Manchu,' he said, 'interdict us from rendering you assistance, and anyone acting contrary to their orders would of course fare badly. But I am so old that I should be quite willing to accompany you or to die, had I not a pain in my left leg. I know you are the heralds of other Russians, who will come to free us from the Manchu yoke, but as long as these wild beasts remain here, it is dangerous to be your friend.' I subsequently ascertained that the fears of this old man were by no means exaggerated. On our approaching the tent of a Goldi dwelling above the Sungachan he trembled with fear, thinking we were Manchu; but when I asked him a few questions and tendered payment for some millet, he told us he had cause to fear the Manchu. His father, his mother, and his two brothers, driven to desperation by the Manchu collector of tribute, had strangled themselves. These collectors come once or twice annually, and by the aid of the stick extort all the fables these poor people may be possessed of. Not putting trust in any of their assertions, they continue the beating after all the furs have been given up to them, in the hope of getting at concealed treasures. Afterwards, on my return, I heard that five Manchu had ascended the Ussuri, and called the Goldi to account for communicating with us. A sincere old Goldi here said to me: 'Look, five men were able to beat above a hundred, and they wanted us to go to Khoektsir, at the Ussuri mouth, where they had a station, so that they might deal with us more severely!'

In these regions at least the Russian advance of 1860 brought an immense change for the better and permitted the wretched aborigines to breathe more freely.

From the Grafskaya the railway runs always within a few miles of the Ussuri river until it reaches the Amur; and therefore it may be said that nearly the entire northern section of the line is

practically in sight of Chinese territory, for the Ussuri river forms, just as does Lake Khanka, the boundary line. Yet although Chinese are met with in ever-growing numbers all along the railway, they are still mainly birds of passage growing rich at Russia's expense. The left, or Chinese, bank of the Ussuri is still practically untouched and the Kirin provincial authorities, in whose jurisdiction lies all this region, content themselves with despatching small frontier parties, who make the usual perfunctory visit to various points without much solicitude for whatever may be actually going on. This carelessness is perhaps excusable when it is remembered that after crossing Ussuri river and going due west towards the Sungari valley there is only the wild country of which mention has been already made. This unconquered land is practically uninhabited and "Yu-Pi-Ta-Tzu," or Fish-Skin Tartars, have only succeeded in penetrating the mountain and forests for short distances by following the course of mountain streams. Difficult tracks actually exist, by using which it is physically possible to travel over this belt; but only two explorers have succeeded in doing so. Thus both sides of the Ussuri valley are hemmed in by formidable barriers making it necessary for Russian settlements to be strictly confined to the plains along the river courses. There are enormous areas, however, in this comparatively-speaking narrow belt, which have not yet been touched; and it is not too much to say that, immediately

adjoining the Ussuri river and its affluents—and not including the country south of Lake Khanka—there is room for a Russian rural population of several million souls. The peasants who have already come complain, however, that the dampness of the climate of the Northern Ussuri or the Nicolsk regions is such that their corn is too often rotted before it is ripe; that it has drunk too much water and become impossible food-stuff. In fact this corn has become named “drunken corn,” and it is said that the flour made from it is so much less nourishing than the Russian variety that it has to be mixed with imported flour. To combat this evil in the regions immediately adjoining the Amur, the Russian settlers have for years past been lighting immense forest fires that have swept hundreds of thousands of acres bare of all trees and undergrowth and have thereby already brought about a marked improvement in the climatic conditions. Calculations show that no fears need be entertained that such a destructive policy is wasteful from the lumbering point of view. It is alleged that there are reserves of lumber in the Pacific province sufficient for all local requirements and for a great export trade for centuries to come; and the long lumber trains, which are even now met with all along the railway, and the deep-laden barges on the rivers, prove that the big trade is already beginning.

Moving onwards, with the country becoming wilder and wilder and even more picturesque as

the Amur is approached, the landscape at last assumes an aspect entirely different in every way from that of Southern Ussuri. At the station of Bikin, on the river of that name, dense moist vegetation is to be seen on all sides. Many spots in this immediate neighbourhood have been settled by Orenburg Cossacks for a number of years past, and these communities are now held to be agriculturally the most successful settlements in the whole province. Too much importance cannot be attached to these Cossacks, who, because they hold their land on military tenure, are always available for military service. Already they are sufficiently numerous to provide a division of cavalry; it is hoped to treble their numbers in ten years, and gradually to build up great reserves of fighting men. The *taiga*, or primæval forest, which advances so menacingly on the railway, is being cleared away in huge patches, and steadily the area of the settled country is being extended. Ever and anon in the distance the outlying spurs of the Sikhoti-Alin range can be discerned, showing that this belt is as yet only an oasis in a desert. For miles and dozens of miles from here onwards dense forest land is ranged on both sides of the railway, and not until the third river of these three westward-flowing streams, the Khor, is reached, does the country open out once more. Settlements begin to appear, and although these have not the same growth as those farther to the south, it is quite evident that progress is at last being generally

made. More and more passengers climb off and on the trains, and station-sidings show long lines of trucks loaded with merchandise. Beautiful meadows studded with oak-groves now lend variety to the landscape, and cattle grazing at ease wander over the broad stretches. Thus, with the country always broadening out only to be shut in again by the *taiga*, and with a constant animation and bustle at the stations, verst after verst is slowly laid behind. And at length, thirty-six hours from Vladivostock, you see heavy clusters of houses which can scarcely be the conventional Cossack or peasant settlements. Then there is a glitter of distant water, a respectable-looking town rises up, and, as you slip into a large station, there are unaccustomed crowds of civilians and soldiery awaiting your arrival. It is Khabarovsk and the Amur—verst 716 by the iron-way from Vladivostock.

CHAPTER IV

KHABAROVSK AND THE AMUR PROVINCE

THE town of Khabarovsk stands pleasantly enough, on commanding river-banks, high above the great Amur, and surveys, as does a conqueror who has required nothing but courage to penetrate and subjugate trackless wilds, the world of waters which sluggishly flow beneath. Around the straggling town, which stretches out hesitatingly and untidily in every direction, is untamed nature, forest and dreary waste, alternating with long-backed mountains that sink away until they touch the distant horizon. Everything is on an immense scale here--is spread out with cool disregard for distances. Yet it is but natural that there should be this disregard; to the north there still lies one quarter of Asia.

Strategically this distant administrative centre, so hidden away from the outer world and so little known, has had, and still has, the highest significance for Russia. For it stands at the junction of three important waterways formed by the middle and lower Amur and the tributary river, the Ussuri--those last links of that marvellous Siberian river-

system which has done so much for Russia; and Khabarovsk is, in a sense, the sole key to all those hundreds of thousands of square versts of territory contained in the great coast province and the Okhotsk seaboard, which, now that the command of the sea has been temporarily lost, can be safely reached in times of national danger only by hundreds and hundreds of miles of river-travel. Ignoring the neutral and non-independent Trans-Manchurian Railway, the Amur river still remains the real road from Siberia to the Pacific Ocean. And therefore the memorable, if flamboyant message of the Town Council of Khabarovsk, telegraphed to the Czar from this lost corner of Asia during the last stages of the Portsmouth Conference, to the effect that their town formed the real bar to the surging yellow flood which could not be stemmed, is not incapable of appreciation. Khabarovsk, then, has immense importance, not so much for what it is, since the town is mainly a collection of administrative buildings, as on account of what it stands for. It stands for the mastery over the Amur, which was temporarily lost to the Manchus for a century and a half, from the days of the Nerchinsk Treaty to those of the Treaty of Aigun—a mastery which may yet be lost again. It stands as a toll-house on the great waterway which is more than two hundred miles long, and which, when winter has gripped it, is converted by nature into a rapid and perfect sledging route. It stands as an important, yet unimportant, capital of a

province belonging to that Greater Russia which has been dreamed of for so long, because it aimed at reaching the warmer seas.

The history of the town, too, in spite of these various important considerations, is extraordinarily brief. It was not until the year 1880 that it supplanted Nicolaievsk, lying six hundred miles down-stream at the mouth of the river, as the administrative centre of all these Pacific territories. The first idea had merely been to gain the Pacific—to make a window—and Nicolaievsk, owing to the geography of the coast, became that first window. But once the transfer had been decided on, so appropriate did Khabarovsk seem for governing these inhospitable latitudes, being almost equidistant from Nicolaievsk and the then newly established port of Vladivostock, that in 1884 the whole of the regions beyond Transbaikalia were boldly detached from the Government of East Siberia, to which province they had belonged, and a separate Amur *oblast*, or Government, established, with a Governor-General seated at Khabarovsk and vested with supreme control, under the immediate eye of the St. Petersburg Council of the Empire, over a territory measuring more than a million and a half square versts. Thus did Khabarovsk, insignificant and unknown, become a vice-regal seat; before that change it had been a mere hamlet. The Amur Government under this system is, moreover, now divided for administrative purposes, although the whole forms but one military district, into the Amur

province proper and the Primorsk, or Pacific province; and this *oblast*, or Government, has as an unprofitable dependency Northern Saghalien, and meets on the shores of the sea of Okhotsk the theoretical boundary line of that still more extensive territory, the Yakutsk Government. One seldom realises that the Russian flag floats over nearly the whole of the great Eurasian continent from the fiftieth parallel to beyond the Arctic circle. It also controls the territory beyond Lake Baikal—that is, Transbaikalia. Eastern Siberia, with Irkutsk as capital, is therefore only the military ally of this region, an ally because the two Siberian Governments of Irkutsk and the Amur surround or embrace Northern Manchuria, and therefore play exactly the same parts towards this important Chinese territory as do Germany and Austria to Russian Poland. Understanding something of the underlying hazards of such unfortunate geography, since Northern Manchuria has always been a potential danger point, the whole Russian idea four years ago of making Admiral Alexieff Viceroy of the Far East, with three exchangeable seats at Port Arthur, Harbin, and Vladivostock, was from an administrative, diplomatic, and military point of view simply—and, be it added, foolishly—designed to remove the inevitable weakness to the Russian dominions beyond Lake Baikal which arises from the fact that Northern Manchuria juts out, and therefore practically isolates the various component parts. That Admiral Alexieff, confident that Chinese

opposition counted for nothing, should have applied the same facile reasoning to Japan and have immediately turned his attention to Korea, seeking by various discreditable intrigues to bring that country under his influence, is also geographically understandable, although the neutral world may have called it politically heartless. For Korea—from the ordinary Russian standpoint, which is the inevitable point of view of a great land Power vainly striving to become a sea Power—played the same *rôle* towards the lost territory of Kuantung (the Port Arthur leased territory) and the Russian Pacific province as did Northern Manchuria to the other regions. It formed, indeed, another species of Poland; it so separated the two strong places of Port Arthur and Vladivostock as to make each a source of weakness rather than of strength; and because of the silent and little-known rivalry which it soon generated between the two, it allowed neither to be what it should have been in the face of such a determined rival as Japan. If only the unfortunate and misshapen peninsula of Korea could have been lopped off by the gods and dropped into the bottomless Pacific, no Far Eastern wars would have been known during the past fifteen years. Perhaps some day it will appear clearer to everyone that the accidental shape of the earth's crust exerts too exalted an influence on the affairs of men. Only when there a universal recognition of the fact will that influence be artificially restricted.

The town of Khabarovsk, hidden far up the

broad reaches of the Amur, can therefore be clearly connected in this wise with the recent grand upheaval. Its isolated inhabitants may really claim, as they to-day still vehemently allege, to have seen something of the fate which might have overtaken them, had there been further weakness on the part of Russia's rulers—a last collapse inspired by previous collapses. Although more than a thousand miles away from the Manchurian battlefields, and therefore on the surface only as actively affected by Liaoyang and Moukden as was Vienna by Sedan and Metz, it was instinctively realised in these regions at the close of the war, that if Saghalien were ceded and an indemnity paid by the Czar in order quickly to close an unhappy chapter in Russian Asiatic history, the Amur river would be virtually lost. For the presence of the smallest hostile gunboat squadron at the river mouth even to-day would paralyse the whole great waterway and disorganise the shipping, which alone gives life and blood to the little groups of defenceless river settlements. A Japanese Saghalien might have meant that any day; for the Straits of Tartary dividing the erstwhile convict island from the mainland are in places so narrow that when the iron hand of winter bridges the short and treacherous chasm, an icy platform is formed, over which conquests could be easily directed in a few hours, and the strategic point of Nicolaievsk reached in a morning's tramp. The steps soon to be taken to remove this great potential weakness will need

to be watched and understood; for if Japan is intent on entrenching wherever she has a foothold, Russia is still more determined to be strong where she is now palpably weak. Yet she needs time, much time. Everything to-day tends to show in a hundred ways that her latent strength still lies so limp, thanks to the enormous distances and the lack of general development, that decades will be necessary to do in her vast territories what others in their narrower domains can arrange in years. The empire across the Ural can only be slowly and painfully built up, or else it will clatter down.

Yet for the moment there is nothing more busy or bellicose about Khabarovsk than there is at Nicolsk, and people are quietly sleeping again after the recent excitement in their wooden town. The principal street, named Muravieff-Amursky—the name follows you everywhere in these latitudes until you almost weary of it—is fine without having anything of the great life and animation which so characterise Vladivostock. Indeed it seems absurd, after Vladivostock, that this straggling village should still be the administrative capital of the whole country. Composed mainly of old-fashioned wooden buildings, the town has a half-unreal Western-American appearance, which is somehow added to by the rough coats, fur caps, and top boots of its citizens. It is a Russian backwoods town and nothing else. Still there are some fine Government buildings of brick and stone, and some picturesque churches which always give Russian expansion its

special note—that it is in the first instance a Government movement and not a people's movement, and that only when the Government is tired and disheartened, as is now the case, do the sturdy people come to the rescue. Khabarovsk is being converted by the people from a Government village—as it used to be contemptuously called—into something far more profitable. It is growing steadily, though almost imperceptibly, and when the Amur river railway is an accomplished fact it cannot fail to forge ahead as surprisingly as Vladivostock has done recently.

Great herds of Chinese, coming from afar, are beginning to collect and build themselves houses; and such newcomers hardly ever think of returning to the distant homes of their ancestors as they have always done in days of yore at their New Year season. There is too much immediate profit for that! Lured by the scent of the rouble, after many years of pecking and stealing they have definitely settled down as shopkeepers and miscellaneous contractors on a large scale. Further, as the development of the back country is being slowly brought about by the influx of Russian settlers and by the gradual investment of increasing sums of Russian capital, such enterprises as timber-felling, fishing, hunting, and farming are monthly growing in importance, fostering at the same time the gradual growth of other industries. Russian and Chinese, meeting and yet not mixing, are planning for their mutual benefit, and by hewing and building, trading

and exchanging, at a moment when the all-powerful Government is largely disheartened, they have imperceptibly and unconsciously begun that movement known as sound progress. And yet with all this, the noble statue of Muravieff, which is set commandingly on a splendid eminence overlooking the river and on passing which all Russians still take off their hats, is a sign for those who would note things that Russia, although she has here set her mark, must properly justify her pretensions before these regions really become her very own. It is not even necessary to journey in one of the Amur steamers of the day, which can travel 2,000 miles from Nicolaievsk to Stretensk, to be convinced that the river-banks play exactly the same part toward this whole region as does the narrow belt of country lying on either side of the Ussuri railway to the Pacific province. These banks alone are slightly colonised ; the rest is mere waste and forest land, a limitless area covering hundreds of thousands of square miles, whose very geography is hardly known.

In the year 1897, when the last Russian census was taken, the total number of inhabitants of the relatively populous Pacific province, comprising the three districts of Khabarovsk, Ussuri and Southern Ussuri, was estimated at only 171,780 people in all (123,216 males and 48,564 females), making of it one of the least populated of Siberian oblasts. Another feature, the predominance of males over females, has also had a highly unfavourable influence in the past ; and the great percentage of consuming

town population, compared with that of productive rural population, has been an additional source of weakness. And although this coast province population is now estimated to amount to 350,000 people in all—that is, has doubled in exactly one decade—it must be remembered that at least ten thousand of this total must be credited to the wandering and semi-savage aborigines of Gilyak or Tungus race; whilst fully eighty or ninety thousand are Chinese or Koreans, who cannot as a rule be classed as permanent, or, from the Russian point of view, welcome residents.

Even more thinly distributed than this is the population of the Amur territory proper—that is, the territory lying on the left bank of the river, and extending from Khabarovsk to the Trans-Baikal boundary which we are now considering. According to the census of 1897 this population amounted only to 118,570 people, a great number of whom were non-Russians; and although it is assumed that in the interim these figures have likewise been doubled, still the fact remains that at the time of the making of the last census this population was so slight as to work out exactly to '03 persons to the square verst, or say one inhabitant to every fifty square miles of country. It may therefore be called virgin territory in the fullest sense of the word. And, like a great part of the village population of the two Ussuri districts, the riverine inhabitants of the Amur gain their livelihood not so much from agriculture (which indeed stands at a

very low level) as from fishing, trapping, hunting, and the management of lumber stations which supply the river steamers with wood fuel, as well as from the maintenance of post stations for the winter overland traffic. Such occupations do not bind the inhabitants to the soil as does agriculture; and in fact it may be said that in the main the Amur river population simply consists of a living chain of Russian men and women strategically distributed by the Government along the entire course of the great waterway in small settlements twenty or thirty versts apart, so as to serve as a permanent line of communication extending from Transbaikalia to the sea. If these settlements have become productive in any sense of the word, it is owing to Russian capitalistic enterprise. In summer the increasing number of steamers engaged in general commerce which ply up and down the river, a number now approaching nearly two hundred, and further strengthened by twice that number of big tow-barges, gives much work in lading and unlading, and in cutting and stacking the great reserves of fuel which must be accumulated at many points; whilst the lighting and buoying of the river—a formidable undertaking in itself—likewise entails much vigilance and labour. In winter, although this water-borne traffic and bustle necessarily disappear, there is ample work for the local population in the up-keep of the post stations and the massing of fodder for the thousands and tens of thousands of animals employed in the post-service,

which makes it possible to communicate from one centre to another at the rate of two hundred and fifty miles a day by a galloping sledge express. This winter road-communication between Nicolaïevsk, Khabarovsk, Blagovestchensk, Stretensk, and dozens of other small towns and villages is indeed a great undertaking; and it is only this traffic both to and from the sea and between the riverine settlements going on summer and winter alike which has been responsible for the fair results attained under a terrible climate handicap. No one has properly realised that as land carriers the Russians have always been the first people in the world. Their surprising railway work during the war was simply a re-statement in modern form of this old-time land-carrying supremacy

In all this great and rich, yet largely undeveloped region of the Amur, the one commercial town of importance—omitting Nicolaïevsk, which is as much a sea-port as a river-port—is Blagovestchensk, whose name is of unhappy memory. Blagovestchensk derives its importance largely from the fact that it is the centre of—or, more properly speaking, the “jumping-off” spot for—the extensive mining operations now being carried on along the tributaries of the upper Amur—operations which have already made a large number of Russian and Chinese millionaires, and which promise to grow in importance from year to year. Although the gold has so far been won mainly from gravel deposits, stretching over vast areas, quartz-mining has now com-

menced and is said to have a great future before it. To-day Blagovestchensk has a population of at least 50,000 people—Russians, Chinese, and Koreans impartially mixed ; that is to say, it possesses roughly twenty per cent. of the whole river population. And as soon as this thriving centre has been placed in rail communication, on the one hand with Stretensk, lying 750 miles higher up-stream, and on the other hand with Khabarovsk, 550 miles below, its population may even exceed that of Irkutsk. Already there are a respectable number of industries and factories, and the rich prairie-lands lying for hundreds of miles along the course of waterways such as the Zeya—which falls into the Amur alongside the town—have lately begun to attract an extraordinary stream of emigration. A short way down-stream from Blagovestchensk there is a large Manchu agricultural population living on the Russian side of the Amur, which is quite distinct from the ordinary fleeing Chinese population of these regions. These Manchus live in large villages, where they have been settled for many decades, and form almost self-governing republics. The Aigun treaty of 1858, entered into by Muravieff and the Chinese frontier authorities, specifically laid down that this indigenous population was not to be molested or interfered with in any way, and was to be allowed to retain, without payment of taxes, all the land pre-empted before the coming of the Russians. There is thus a Manchu-Chinese population of ten or twenty thousand souls on the Russian side of the Amur, living peacefully

and quite separately from the newer strata of Russian settlers, and communities of strangers have lately begun to expand suddenly and surprisingly in numbers. This little-known fact tends to show a danger which undoubtedly exists; namely, that Chinese colonisation may be able ultimately to regain regions which were lost in the past through the impotence and incompetence of China's rulers. In the same way on the mid-Amur there are quasi-independent communities of Koreans, who for some strange reason emigrated to this country, more than a thousand miles from their ancestral homes, as far back as 1872. All these curious groups of Manchu, Chinese, and Korean agriculturists have thriven exceedingly, where the more masterful Russian settlers have sometimes been in danger of starvation. It is astonishing to notice how everywhere east of Lake Baikal this curious competition between the white men and those of Mongol race still goes on. The final solution has not yet been arrived at, though during the past forty years every means has been attempted by the Russian authorities to popularise the Russian colonisation of the Amur—to make the peasant and Cossack communities self-supporting and reasonably contented with their lot, and to promote a constant stream of emigration. But in spite of the great inducements which have from time to time been held out, no progress such as has now to be noted behind Lake Baikal has been possible.

The first settlers were all Cossacks from Transbaikalia, who, merely because their Government

willed it, submitted gallantly enough to the semi-compulsory fate of being posted in small bands in the heart of an utterly unknown country, where there was nothing but great rivers bordered by dense uninterrupted forests, so that they might form that living chain to the sea which Russian statesmen deemed necessary in order to cement with flesh and blood what had been so lightly obtained by treaty. But the mortality among these first comers was so great, and the stories of the sufferings and endless hardships which they had to endure through the long winters were so haunting, that for years it was impossible to induce peasantry who held no direct benefits from the State, as did the Cossacks, to continue the emigration. Slowly, however, the improvements in the river service and the gradual growth of the settlements brought about a change for the better in the ordinary conditions of life. And from the early 'eighties peasant families have been transported in some numbers both from Russia and Siberia to the Amur as a regular matter of course. Still, even to-day the difficulties to be overcome before the Amur has more than a nominally Russian character are officially admitted to be immense. It has been calculated, for instance, by competent Russian statisticians that the utmost area which is available for colonisation along the two thousand miles of waterway is only twelve million *dessiatin* (the *dessiatin* is roughly two and a half acres), and that in order to ensure life in the bitter winter, at least half the present enormous wooded

area must be preserved by an iron forestry law. Consequently it is held that in all this vast region there is only room for 600,000 village settlers. Therefore, although such towns as Stretensk, Blagovestchensk, and Khabarovsk may grow vastly with the coming of the railway, the Russian banks of the Amur river and the country to the immediate north can never hope to have more than a million white inhabitants. In other words, these Russians will still continue to constitute, as they have constituted in the past, a solid and cunningly devised communication-belt between Transbaikalia and the sea; but the real goal and the real settling place can only be the maritime territory—an area which might possibly be made to support some five or six million Russians. That region alone can become a piece of the New Russia so ardently dreamed of by Muravieff.

Muravieff—yes, in these regions it is always necessary to hark back to that name. For although half a century has gone by since the daring Count of the Amur sailed down these turgid waters in his improvised flotilla of flat-bottomed barges, and effected his great and sensational conquest without firing a single shot, the personality and ambitions of this man still remain the guiding beacons, because here time flows by so uneventfully. Elsewhere there are conquests, triumphs, victories, defeats and tragedies which rapidly succeed one another and punctuate the days; and which by their wide shocks remove each generation from the one which has

preceded it, and thereby give birth to new aims and ideals. Here there is only the silence of unconquered nature, in which men slowly move to their destinies; each individual almost majestic because of his isolation, yet fearful of the shadows around him and still more fearful of the warmer world to the south in which he always believes that dense masses conspire. Thus Muravieff's famous *prikaz*, or order of the day, issued to his beloved Cossacks half a century ago, when it was deemed politic to publish officially the great news of the annexation of the Amur territories, has not needed to be engraved in many places, as has actually been done, to have the people remember. They will always remember. This *prikaz* paints in simple yet vivid prose, with something of that rude and abrupt eloquence which Russians know so well how to affect in order to reach their audiences, the hopes and fears of an ice- and land-bound people. In studied exclamations the message reads: "Comrades, I congratulate you! Our efforts were not in vain. The Amur has become the property of Russia. The Holy Orthodox Church prays for you; Russia is grateful. Long live the Czar Alexander! May the newly-acquired territory prosper under his mighty protection! Hurrah!"

The exultation of this first message was thus marked because Russia had at last reached the unfrozen Pacific by the shortest route then open--the water route--and had at last obtained a clear and open title to regions which she had in vain

attempted to secure by decades of raiding expeditions—expeditions, indeed, lasting during the whole of the latter part of the seventeenth century and ending always in unconditional retreat. Until the Amur route was opened, Russia could reach the frigid seas of Okhotsk only by the Yene-seiesk-Yakutsk roads lying nearly a thousand miles to the north, and cut off from the more desirable latitudes by the Yablonoi and Stanovoi mountains. The occupation of the Amur gave a new line of communications to the sea, second only in general excellence to those masterpieces of modern man—railways. Yet in spite of this natural pride in a success which came so tardily, Baron Korff, the first Governor-General of the Amur *oblast*, appointed in the middle 'eighties, when Khabarovsk had replaced Irkutsk as the administrative centre of the Far Eastern territories, did not hesitate to strike a new note radically different from the first cry of exultation uttered by Muravieff. At the very first meeting of local notables over which he presided—a meeting convened to consider how best the development of this great country could be advanced under the new *régime*—he began his speech with solemn words. The isolation and the brooding quiet of nature had already greatly impressed the sensitive Slav imagination, and had made the residents in these climes feel how much labour and how much earnestness they would have to expend before there could be any permanent success. Baron Korff's opening words were not so much the key-

note of a speech as the text of an altruistic sermon. "Power lies in love and not in force," he began; and so thoroughly did he reach his audience that on one of the towering cliffs that rear themselves again and again high above the Amur, an immense iron-covered cross, visible in that clear atmosphere for dozens of miles up and down the river, was immediately erected and his words engraved on it. It may be said that Muravieff's *prikaz*, his famous statue at Khabarovsk, and this later message of Korff's tell with simplicity and truth the whole story of the Russians on the Amur, so long as the influence of other events did not touch them. They were content with their peaceful victory and with peaceful aspirations.

Those were quiet years, when the Russian pioneers on the Amur had ample time to take stock of their surroundings, and to see how absorbingly interesting both ethnologically and historically was all this curious realm of river, mountain, and grassy plain over which they had so lightly acquired the rights of eminent domain. The native tribes who lurked in twos and threes at river mouths and fled in their frail birch-bark canoes, or on their fleet reindeer, at the first sight of these curious white men, were gradually approached and tamed. There were so few of them, in spite of the immensity of their unconquered land! A return which was compiled in those early days of half a century ago, and which divided the various tribes and inhabitants into their proper groups, disclosed that in an area a dozen

times as great as that of the British Isles, there were only about 23,500 inhabitants. This old enumeration of wandering peoples with uncouth names sounds almost biblical ; it is reminiscent of a state of things which is fast disappearing, and will soon be forgotten. On the upper Amur there were 260 Orochons ; a little down-stream 3,000 Manyargs and Birars ; not far from them were grouped in agricultural villages, whence they viewed their neighbours with distrust, about 2,000 Daurians. On the lower Amur and Ussuri there were 3,560 men and women of the Goldi tribe, 1,100 of the Mangun tribe, and 1,000 Semagers, otherwise known as Negidals and Kile. On the seacoasts were 1,000 Orochis ; on Saghalien, 1,000 Orokes and 1,000 Ainus ; whilst roaming over the eastern part of the country and more powerful in their tribal organisation than any of the other races, were 8,000 Gilyaks. Finally, in certain of the Ussuri districts were found a total of some 1,500 Chinese fugitives from justice—men who had fled from Manchuria, whither they had been exiled from China for various offences to labour in chain-gangs on the post-roads until they died. To these Chinese the Russians, following the example of the natives around, gave the name of Mantzi, which, though historically incorrect, had so survived and had become such a Russian tradition that in 1900 the soldiery of the avenging Russian armies which entered Manchuria to restore order called all Manchurian-Chinese “ Mantzi ” and nothing else.

All these curious and little-known tribes of the Amur and coast provinces had remained probably for countless ages at the same low state of civilisation in which the first Russians of the Muravieff period found them. Leading a wandering existence, and, like the Mongols of present-day Mongolia, living for the most part in *yurts*, or tents of skin or bark, as their sole habitations, these children of nature, divided by differences of speech, customs, and clothing from one another, resembled in a marked fashion the Indians of the far north of America. Their most intimate companions were their small ponies, their reindeer, and their droves of dogs; and availing themselves of a primitive yet ingenious harpoon, they were accustomed to obtain from the countless rivers and streams the greater part of their slender food supplies. Yet although addicted to a crude Shamanism as their sole religion, in features and in many characteristics, all such Tunguzian natives of the Amur may be said to be a step nearer to the Caucasian than the more southerly inhabitants of Eastern Asia, for they belong to the north-western branch of the great Ural-Altaic family, and their languages are Turanian. Roving summer and winter in the midst of virgin nature, they had many of the attributes of the beasts of the forests around them. They were timid, yet cruel on provocation; kindly, yet suspicious; inclined to look on all men of superior civilisation—as bitter experience had taught them to look on their erstwhile Manchu suzerains—as mere task-

masters, without bowels of compassion, desirous of extorting only as many precious sables as possible at the close of each hunting season. Of literature, they had, of course, no trace; yet, while without traditions of their past, they could readily improvise songs not altogether devoid of artistic arrangement. On nearing home one of the native guides of Veniukof—the Russian traveller of whom mention has already been made and who first explored the Ussuri—began spontaneously to sing a song of the rapid river which he should not much longer navigate, of his being soon at home again where a pretty wife was awaiting him and where his mother was fretting at his absence. And he introduced into this endless strain—which according to circumstances was joyful or plaintive—the Russians whom he had newly come across, the country traversed, the difficulties surmounted, and the lurking animals who though unseen might devour him. Most feared of all these forest animals, the Russians soon found, was the bear. The curious inhabitants of these woodlands respected the bear accordingly, and made him play a part in their religious notions. Bear-captures were succeeded by bear-dances, which were important festivals amongst some of the tribes; and the skull, bones, and ears of dead bruins, properly exposed, were counted powerful antidotes against the conspiracies of evil spirits. Child-like, yet cunning and skilled in every branch of woodman's craft, these people were brought with little difficulty to an appreciation of the fact that henceforth they

must dwell under the shadow of the throne of the White Czar. It was no great hardship, this change of nominal masters—indeed, it was a change for the better, for the Russians soon showed themselves infinitely kinder than had been the Manchus or their tax-collecting lieutenants. The natives had always been accustomed, as long as they could remember, to a vague suzerainty such as in their eyes the Russian dominion now appeared to be. Although they had lost all their earlier traditions, and could remember as their masters only the Manchu sovereigns, reigning at Peking, Russian scientists soon ascertained that this Manchu domination had not always existed. Near the mouth of the Amur, on a bold cliff rising high above the river, some monuments and the remains of a temple were discovered, and on these monuments Chinese and Sanskrit inscriptions were deciphered, showing that the ruined temple had been called the Monastery of Eternal Repose, whilst the half-broken tablets lying on the ground near by were engraved with the habitual Buddhist incantation, "Oh precious Lotus! Amen!" Near these relics of a distant past were the remains of ancient walls; whilst elsewhere another Chinese inscription was found, reading "The great Yuan spreads the hands of force everywhere." It has never been properly authenticated to which emperor this inscription refers; but the probability is that it speaks of some one of the Yuan or Mongol dynasty of eight centuries ago. A manuscript of 1678, preserved in the Library of the Siberian

Department, mentions that it had come to the knowledge of the writer in his travels that Russian warriors (Cossacks of the seventeenth century?) found a great bell weighing six hundred and sixty pounds on this very locality, half buried in the ground; and that the natives living there had said that very long ago a Chinese emperor had come to the Amur by sea and erected the bell, and left these various monuments in commemoration of his voyage. Of how far afield to the north the Chinese or Mongol emperors or their envoys once reached, there is otherwise but little record.

Isolated in this far-off corner of Asia, the first Russians on the Amur after the Muravieff treaties were in the position of anxious pioneers half vanquished by distances rather than self-satisfied conquerors. They lived always with the remains of the old dread of the Manchus, whose word commanded such enormous masses of men. Indeed, at that time they feared the vanishing power of the Chinese as much as their forbears on the Dnieper and the Don had feared and at the same time courted the declining Roman Empire. In his *History of the Decline and Fall*, Gibbon has shown how during the first age of monarchy the two ancient Russian cities of Kieff and Novgorod were no more than camps or fairs, the most convenient stations where barbarians might assemble for the occasional business of war or trade. Travelling down waterways in their canoes until they

gained the Black Sea and made the Constantinople shores, the Russians of those days existed on sufferance, because Rome was weak, and yet managed to exchange their furs and the hides of their cattle for the cargoes of corn, wine, and oil of which they stood in such need. It was much the same on the Amur. Established where they were solely because of the weakness of China, the first Russians moved with caution and fear, and although a dozen centuries had gone by since the Don and the Dnieper resounded with the clamour of Russian oarsmen bending under the weight of the first Russian expansionist movement, the very same quantities, values, and methods, under only slightly changed forms, were to be found amongst their descendants in the Far East. Clumsily yet doggedly they familiarised themselves with their surroundings, and impressed on them a little of that civilisation which is so distinctive that Pobyedonostseff has exclaimed that Russia is not a Power but a world in herself. But they could do nothing more.

For many years, indeed, there was no ulterior motive. It was the collapse of China in the strange war of 1894-95—China, the mysterious, lying across the Amur border—and the corresponding rise of Japan, which changed the general attitude of peace towards all men into one of aggression. After the intervention of 1895 had driven Japan from Southern Manchuria, the directors of Russia's foreign affairs began at once to urge the immediate necessity of a

policy of pure extension southward, hand in hand with a policy of consolidation in the territories they had already held for forty years; otherwise they feared that they would once more be driven back and excluded from reaping benefits and privileges which they had always ardently longed for. It is true that, side by side with the general Amur policy, Russia has never ceased in a minor way to hanker after a more perfect position on the Pacific. But this side of her policy, evidenced by the acquisition of Saghalien in 1887—or rather by the enforced recognition by Japan of her sovereignty over the whole of that island—was tentative and speculative, and could probably have been arrested by firmness such as the Japanese displayed in the 'sixties by absolutely refusing to allow Russian admirals to hoist the northern tricolour over the strategically important island of Tsushima. Indeed, the tentative nature of this policy is well understood when it is remembered that the prime movers in such affairs were always Russian admirals—seamen knowing only the Pacific coast and largely unacquainted with the sole real source of Russian strength, which lies on land.

This speculative or isolated, tentative portion of Russian Far Eastern policy—that is, the spasmodic naval activity not only along the whole Pacific seaboard but around the island groups fringing the northern mainland as well—must be counted of very old origin. It may also be held natural in the case of a mighty untamed empire, which, although

possessing the greatest unbroken stretch of territory in the world, had always been cut off from all but Arctic or land-locked seas. That Russia, a mere land giant, should with convulsive movements stretch out her arms towards wider seas, is almost pathetic in its suggestiveness. This Russian naval activity in the Far East actually began as early as 1741 with the discovery by Behring and Tchirikoff of the territory of Alaska—a discovery which soon led to a dim realisation of the future importance which the general configuration of the northerly Asiatic coast-lines would have on the destinies of nations. The Russian annexation of Alaska at length led to the foundation of the old Russo-American Company in 1797 by the Emperor Paul, and began that now almost forgotten joint Russian and American fishing and trading activity on the Northern Pacific which endured until the purchase of Alaska by the United States in 1867 for a million and a half sterling. It was this trade alliance which formed the basis of the Russo-American friendship that was such a feature on the Pacific during the early part of the last century, and which so few people now understand. Russia was in those days much fascinated by the American as well as by the Asiatic coast-line; and, had her statesmen understood sea-power, might have seized California from Spain—her mariners landed again and again on those shores—and thus have become an American as well as an Asiatic Power.

Yet for all this enterprise the old-time Russian

maritime activity on the Northern Pacific was, as has been said, purely speculative and fortuitous, and none too clearly connected—if, indeed, connected at all—with the gradual development and forward movement of her people which was slowly absorbing the Asiatic Pacific hinterland. The corps of gallant Russian navigators in the Far East, whose first leaders were men of the stamp of Behring, mariners steeled to all privations and filled with the most grandiose ideas, continued their examination of the Asiatic shores of the Pacific without too much encouragement either from home or from the Governor of Eastern Siberia, and sought by their constant efforts not only to implant Russian influences in places from which Russian naval expansion might possibly be directed, but perhaps to secure for their indifferent Emperor rights of eminent domain in the most diverse territories—rights which might be found highly valuable in years to come when the bureaucracy really understood. In 1848—years before Muravieff, Governor-General of Irkutsk, had dared to travel down the Amur—Admiral Nevelskoi, then only a Captain, was spurred to follow the direct example of the navigators who had founded posts along the Kamchatka and Okhotsk seaboard; to move down the line of least resistance and to establish victualling stations in convenient anchorages, far to the south of Okhotsk—that is, off the present Maritime Province, although that province ostensibly belonged to the Manchus and formed, indeed, an

integral part of Manchuria. It was on this quest that Nevelskoi founded Nicolaievsk at the Amur mouth as early as 1851, and went cruising and sounding in other directions. Every mile to the south meant a better climate and less ice; better opportunities for settling and for influencing the destinies of the Far East, whose vast possibilities were very early appreciated by a few clever Russians. Indeed, even sixty years ago, they had understood much. Two years after Nicolaievsk had been founded, naval posts were established hundreds of miles down the Pacific seaboard in Castries Bay and Port Imperial; and although the outbreak of the Crimean War in 1854 found an Anglo-French fleet attempting to destroy all Russian influence on the Pacific by bombarding and burning such stations, the final miserable ill-success of this fleet of British and French frigates in the Far North—a powerful Anglo-French squadron was actually beaten off with heavy loss in an attack on Petropavlovsk—encouraged Russian admirals to renew their efforts directly the Treaty of Paris had terminated one of the most disastrous chapters in Russian-European history.

Therefore Admiral Putiatin took up the work where Admiral Nevelskoi had left it off. In 1859 he actually obtained the right from the Koreans to establish a coaling station at Port Hamilton; and although he soon showed himself a fit predecessor of Admiral Alexieff by sailing round to the Pechili seas in the same year and demanding from China

the cession of the whole of Manchuria for the help which he proposed to give in crushing the Taipings, yet by this abortive and disowned action he undoubtedly opened the eyes of his own people and of European diplomatists to the fact that a persistent naval activity was fated to effect much along the seaboard of Far Eastern Asia.

From the mass of incidents happening subsequent to 1860, the three most important events may be mentioned to show how the Russian maritime position in the Far East was finally rounded off and reduced to definite and sensible limits. The refusal of the Japanese in 1864 to listen for one moment to the Russian proposal that the important island of Tsushima should be ceded; the sale of Alaska to the United States in 1867; and the exchange with Japan of the barren Kurile Islands for the southern portion of Saghalien, over which the Japanese had persisted in claiming sovereignty—these gave the new aspect in final terms and left Russia in the position of a Pacific Power created solely by the Russo-Chinese treaties of Aigun and Peking. She was then well entrenched, and had she contented herself with the Amur province all would have been well. Once secure on the Asiatic coasts she was willing to abandon her American possession, to minimise the importance of her Northern Asiatic stations, and to shift everything of importance to the shores facing the Sea of Japan. This made her of necessity the rival of Japan. Not until decades afterwards, with the conclusion of the China-Japan.

war, did the speculative naval movement begin anew ; and in this movement history showed that it could repeat itself with curious and menacing fidelity. It is important to note that from 1895 onwards, while the land movement and the land plans were safe, the naval activity became more and more speculative until it found its natural nadir in such disasters as the complete and unconditional retreat from Korea and the Port Arthur *débâcle*. It was the inevitable end.

Yet it must be well understood that whilst the wreckage of the war is being cleared away in the lost spheres and on the lost coast-lines, and Japanese influence there substituted for Russian influence, the Russian Pacific seaboard, which was acquired by a legitimate treaty with China half a century ago, has already been greatly benefited from an economical standpoint and is destined to be re-invigorated. Thus Nicolaievsk, 623 miles below Khabarovsk, has grown in the same astonishing and rapid manner during and since the war as Vladivostock, and is fated, if present indications do not mislead, to become historic in several ways. In 1902, the author of that excellent book, *In the Uttermost East*, visited this far-off town, which is at one and the same time a river and coast port, and gave in his pages a brief and singularly uninviting description of it. "The town, which is perched on the rugged slope of the northern bank of the Amur, consists mainly," he writes, "of a broad street or road with an off-shoot down to the *pristan* (jetty)

and a few parallel green tracks. The main street contains half a dozen well-built wooden structures, including the Church, the Russo-Chinese Bank, and some merchants' stores. There are a few shops and residences of officials, the rest are lone houses, straggling away into the scrub and forest, out of which the site of Nicolaievsk has been carved. At the foot is the collection of wooden wharves which in the autumn present quite a busy scene. An Amur steamer is in ; three or four steamers bringing provisions, tea, flour, etc., for the winter, are lying in mid-stream ; huge lighters, which I am told were made in England, are being tugged ashore ; while a small fleet of schooners rides at anchor higher up stream waiting for their annual load of fish for Japan." That, five years ago, was Nicolaievsk. Yet, although this meagre description brings out well the distance which separates the Pacific town from the civilised world, it is to-day in other respects utterly misleading. Five years ago it may have had at the full season only two or three thousand inhabitants ; to-day, including the military, there are supposed to be more than twenty thousand Russians in the town. This growth has been directly fostered by the total evacuation of the adjacent island of Saghalien during the last months of the war, and by the decrees of the Portsmouth Treaty. For although the Portsmouth Treaty reinstated Russia in the half of the island north of the fiftieth parallel, the old position and the old manner of viewing the convict realm have gone never to return. In the near

future Northern Saghalien will be something quite different from a mere land of horrible exile for murderers and political offenders; it is to be developed on the most liberal terms by private enterprise. Capitalists are to be invited to do much as they please, and the Russian Government, having failed, will watch to see if its sons have not more ability to work out problems when they are left alone. All the Saghalien garrison, the officials, and the "free commands"—the convicted criminals who have earned by their good conduct a measure of liberty—have meanwhile migrated to Nicolaievsk, thus quadrupling the population of the town by one movement alone, and inviting by their action thousands of their countrymen to come and contribute to the growing activity of the Amur mouth. And in this wise, with commercially-minded Chinese beginning to flock to a place where a rapid expansion has become inevitable owing to the results of the war, Nicolaievsk has already a European population exceeding that of any English city in Asia. The enormous and victorious preponderance in numbers which Russia possesses is brilliantly exemplified in this small case. Twenty thousand Russians are nothing; twenty thousand Englishmen gathered together in a corner of the world would soon have it known that the centres of influence were shifting.

The drawing in or concentration which has of necessity come all over the Russian Far East owing to the naval *débâcle* has therefore had good land effects already. The Amur river traffic has never

been so brisk as it was last summer. Cargoes have been poured up-river in unending streams to such places as Blagovestchensk, and a great impetus has begun to be given to an industry almost stricken by the war—the fishing industry. Before the war it was computed that several million *poods* (say a hundred million English pounds or so) of trout were annually caught in the Amur and Saghalien fisheries; yet in spite of these enormous catches hardly any of the fish found its way out of Russian territory. This is because fish is one of the necessities of life in these northern climes, owing to the lack of other things, and must be possessed in endless quantities if men are to live and to prosper. It is therefore caught and stored on a Gargantuan scale. An immense local business in drying and preparing for the Russian markets everything given up by the seas and the rivers therefore goes on during all the summer; and even in the dread winter fishing through ice-holes is continuous. The bitterness with which Russian fishermen and Russian fishing companies insist that their discredited diplomatists shall fight against any Japanese fishing invasion can therefore be readily understood. Here fish are almost the loaves of other climes; and to the natives and those who have lived long in these regions, fish oil and fat are the main essentials of life.

The eyes of the entire Russian Far Eastern population, and especially the Amur river population, are, therefore, fixed perforce on the future; and

every man and woman waits with growing impatience and anxiety to see the steps which St. Petersburg must order if the heritage of Muravieff is to be preserved and increased, as is so ardently desired. Everything waits on distant European Russia ; for the Russian Far East left to itself can effect nothing. It is too far off, too undeveloped, too lonely, for great actions.

It has just learned of the first steps with grim satisfaction. These first steps are, of course, railways and soldiers. For the end of the Manchurian adventure has necessitated a re-stating of the whole Amur position and a careful reconsideration of all those questions which should have been properly decided years ago. Russians have had to blot out with a great black stamp such as their press censors use, a big piece of political geography which they considered almost permanent. The forgotten Amur railway scheme—it is officially called forgotten, but there is some casuistry in the use of the word—has been remembered, and no sooner remembered than it has been sanctioned by the Council of the Empire and the Czar, and is now a cut-and-dried project which will be carried out immediately. The surveys have been commenced from Khabarovsk, from Blagovestchensk, and from Stretensk. These surveys will be continued right through the Arctic winter until it is reasonably certain that they will be completed before the end of next year. And once they have been completed and funds have been found, the construction will doubtless be pushed

on with that ferocious rapidity which characterised the building of the Manchurian railways, when, with a long interim of riot whilst the Boxers were at work, 2,277 versts (or 1,600 English miles) were absolutely completed in five years. But the task of building approximately the same length of rails along the Amur banks—the actual steamer course is exactly 2,066 versts between Stretensk and Khabarovsk, and the rail distance must be greater—will be much harder. The Amur winter is so severe that the ground even in the two hot summer months never unfreezes two feet below the earth-level, and in January the cold becomes so intense that the drivers of post-teams, as they gallop along the snow, have to dismount methodically every half-hour to break away with heavy blows the great lumps of ice which collect around their horses' nostrils and threaten them with asphyxiation. In such circumstances all work must cease for at least four or five months every year; and, therefore, if the vital Amur river railway—vital to the Russian consolidation scheme—is constructed by 1915, that is in eight years, it will be a most notable achievement. Hundreds of rivers and streams flowing into the main waterway will have to be bridged, and a permanent way raised high above the flood-level; and savage mountains will have to be circumvented or pierced. It is true that all materials can be more easily brought here than in the case of most railways, since river transport will be available along every foot of the entire course, and that river

transport is already well organised. But this alone can be no complete compensation for the many natural difficulties which will have to be overcome. Even though work is begun and pushed on from half a dozen starting-points, an average of a mile a day for each year of seven months along the entire route is the maximum which can be accomplished.

When this railway has been fairly begun, it will, however, serve to emphasise the fact that the territories lying below Khabarovsk—that is, the lower Amur territories with Nicolaievsk as a final point—form really a separate belt. Below Khabarovsk the Amur takes a sudden and almost inexplicable bend due north, and continues in this wise until it empties itself into the broad and treacherous estuary at the head of which stands the thriving fishing and transport town—the warehouse of the lower Amur, of the Okhotsk Sea, and of Saghalien—Nicolaievsk. These regions cannot be expected to grow very much in importance until they are connected by rails with the Ussuri and the mid-Amur. It is quite uncertain as yet whether such an extension is really contemplated or not; the expense would be enormous and even the military results small. The waterway is a good enough railway in itself, yet steel has lately shown itself such a factor that it is held the only bond which really unites. Each town along the Amur—Stretensk, Blagovestchensk, Khabarovsk, and Nicolaievsk—will soon become an important military

centre ; with rails and soldiers everything is to be cemented tight.

From these few remarks it will be understood that the Amur *oblast*, or Government, as surveyed from the picturesque town of Khabarovsk, will offer immense possibilities in the immediate future. The enormous distances, the climatic difficulties, the unhappy past, the self-contained nature of the Russian Empire, the cast-iron ideas of the bureaucracy, the political unrest at home—all these are undoubtedly obstacles which time and patience can alone overcome. But against those things must be set the hardihood and grim tenacity of the Russian race. As a nation they are a race of men who are the sons of men—of that there is no doubt. If they will only be guided in a certain direction and become intensive instead of merely extensive, the hardihood of the race and the unparalleled natural riches of their territory will finally work out an extraordinary solution. Whether this solution will end in another anabasis—straight down to the south from Khabarovsk—it is too soon to say.

CHAPTER V

INTO MANCHURIA

WHEN the traveller has arrived at Khabarovsk it is not necessary for him, in order to enter Manchuria, to retrace his footsteps, and, descending the venturesome Ussuri railway, which has just been ascended, to branch off at Nicol'sk and proceed to Harbin by rail on the Chinese Eastern Railway system. For it is possible to take steamer direct from Khabarovsk to Harbin; that is, to travel the great water-route which makes the Amur belong geographically to the Northern Manchurian provinces, and thus escape all railway travel. It is possible to do this, but at the same time, be it well noted, highly unprofitable. For the Amur must be slowly ascended in a somewhat dirty little steamer to a point a few miles above the big Cossack village of Michailo-Semenovskaya, where after circumventing some huge islands round which eddy great muddy currents, the Sungari mouth is at last reached. Up the Sungari one may then travel in a shallow-draft stern-wheeler of only a couple of hundred tons, far beyond Harbin and indeed

almost as high as Kirin City, which is a thousand miles up-stream, and in the very heart of the coming country. This route is therefore a tedious one. If you adopt it, you may possibly gain some additional knowledge concerning the surprising manner in which Chinese agriculturists have gradually descended the great Sungari valleys, until their cultivated patches now cover vast tracks of land which only twenty years ago were howling wildernesses, hardly trodden even by the feet of the ever-wandering Fish-skin Tartar aborigines, who were then the lords of these regions. You would see, too, many junks constructed at Kirin City, the inland dockyard of Manchuria, slowly floating down-stream, charged with those precious burdens of grain and other agricultural produce which are so eagerly bought up by the frost-bound Russian settlers of the Amur. Thus you would certainly appreciate more fully in minor ways how, side by side with other problems which Russia has to solve in coming years, there is also this great question—the slow movement northward to the Amur regions of millions upon millions of hard-headed Chinese settlers who, by combining with one another and by the very intensiveness of their methods, form a solid phalanx which no Russian *moujiks*, officially transplanted by their Government, can ever break.

But, as has been said, this river route is tedious and unprofitable if you value comfort. You would spend nearly a week on a craft on which crawling and jumping things speedily become your most

intimate and detested companions ; and you would eat of a lurid cooking which is an insistent proof that the antithesis of what Brillat-Savarin made gospel is reached without effort in these dreary latitudes by pleasant individuals of uncertain origin, who delight in believing—for the sum of thirty roubles a month—that destiny has willed that they should be *chefs*. In such circumstances rails are infinitely preferable. Once more, therefore, you enter stuffy compartments heated to burning point to please their many cold-fearing patrons ; once more you dispute your place with others in dumb pantomime and ill-sounding Russo-Chinese words ; once more you grumblingly pay the ordered sums which custom demands and are then bowingly franked forward ; and thus retracing your steps and adding to your notes, in due course you are back again in Nicol'sk and Southern Ussuri. To the north-west you will see that second important set of rails which carry you abruptly across the Manchurian frontier after a short run of 115 versts, or 75 miles. And from here your studies must be resumed.

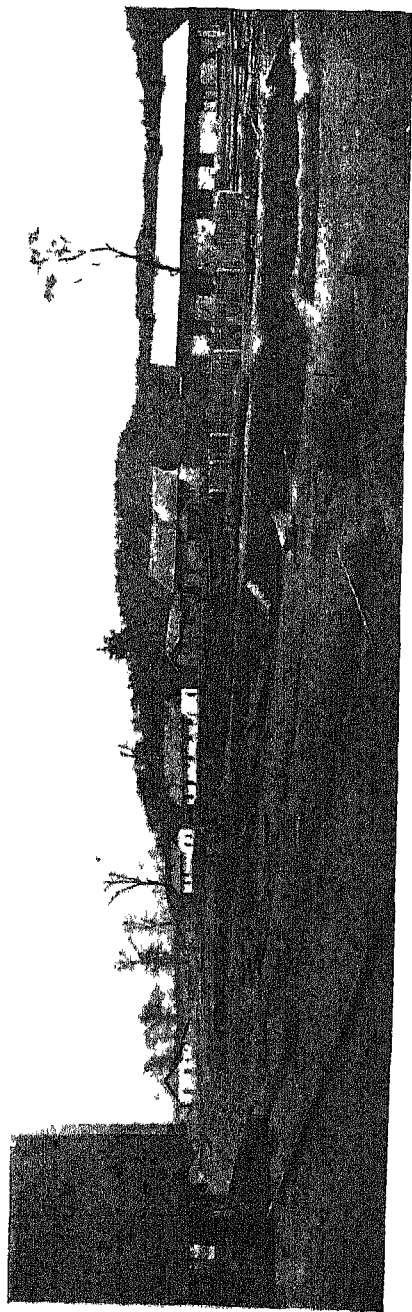
For these miles which you now cover are not without interest, if you have the present position of Far Eastern politics and the future possibilities in your mind. Until you reach the station of Grodekov—which under the old system marked the beginning of the Chinese Eastern Railway, the Manchurian line, and the end of the Ussuri system proper, although the actual Manchurian frontier

is somewhat farther on—you run through that vast plain which one day may suffice to nourish millions of people, though of what nationality is for the moment uncertain. Just now you merely have ample proof that much work must be performed before definite results can be obtained. Patches of the plain are already cultivated, it is true, but the cultivators of these little lots are the same small bands of Koreans who through their industry are quickly becoming comparatively rich men, and are now slyly bringing in brothers from across the Tiumen boundary line, so that their kith and kin may share in their prosperity. Russian villages are almost non-existent here near the Chino-Korean border; and this region still continues to be almost a piece of No-Man's Land, over which the Russian flag flies principally because it was hoisted when there was no one to contest its display.

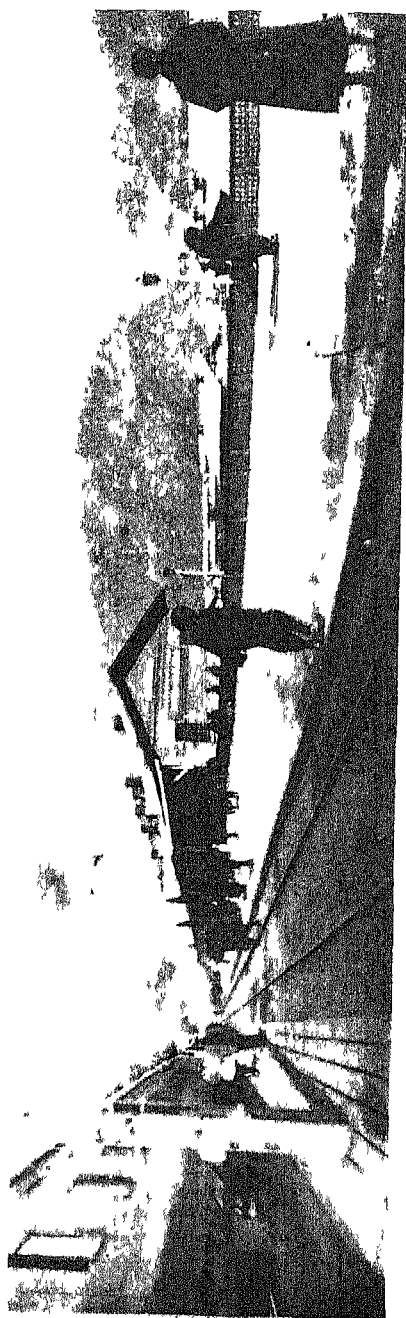
The little railway garrisons, whose existence as the most important part of a general scheme had almost been forgotten in the more placid regions of the Amur, begin again to be seen; and once more at every station and new war-siding the same groups of stalwart men lounging about in their loose uniforms and long top-boots proclaim for your edification that they alone constitute Russia's strength. This military aspect, which is so quickly forced on you in the southern district of the Pacific province, is in strong contrast to that of Northern Ussuri. Khabarovsk itself, which is the nominal capital of all this huge territory, has as yet only the same

force as was there before the war—two weak regiments of infantry ; and although divisions of other troops are soon to be massed along the Amur, for the time being the concentration of such units of the Eastern Siberian Corps as remain in the Pacific Empire is entirely in the extreme south, making it appear curious that such a far-off centre as Khabarovsk should still have supreme control. It is plain that Vladivostock has become the natural capital of the Russian Far East ; whether the bureaucracy will have the originality and the decision to make it the *de facto* capital is quite another question.

In due time Grodekov is reached, and this great plain entirely ceases. Grodekov has a few more sidings than the ordinary first-class station, making it more convenient for the handling of big bodies of troops ; and it has numbers of engine-sheds and railway buildings, and a stronger garrison ; but otherwise it is much the same as any other halting-place. Gaunt and hungry-looking hills now lurch nearer and nearer the railway, until at last, overwhelmed by them, the line plunges again and again beneath them. The series of tunnels which mark the immediate proximity of the Manchurian frontier has commenced, and you climb stiffly up an ever-steeper gradient. Sometimes, hemmed in on all sides by these natural barriers, you halt for a few minutes in a narrow valley for your engine to take breath and water ; and then you understand that this frontier, although it is for the time being no



TYIICAI SCENERY IN EASTERN MANCHURIA



A STATION IN EASTERN MANCHURIA

frontier, is as all true frontiers should be—either a mountain mass behind which a nation can fitly shelter its individuality, or else a broad sea able to inspire fear even in the breasts of such men as Napoleon.

Twenty-four versts, or seventeen miles, from Grodekov you reach at last the theoretical dividing line between the Czar's Empire of the East and the desired lands of Manchuria. At Pogranitchnia, the uncouth name of the frontier station, there is one thing only to note. It is that the green and black uniforms of the specially recruited Manchurian frontier guards have suddenly commenced. In the big barn-like buffet-room there are always dozens upon dozens of Russian officers whiling away the time, and such men belong not only to the special Manchurian railway guarding corps, but to ordinary line regiments as well. The engineer corps, also, is now well represented, for the war being over and done with, the complete and proper survey of the whole of that portion of Manchuria which remains under the Russian heel, covered by the thin mask of the Portsmouth Treaty, has at last been commenced. Many men have been detached for this work, which has now been going on for over a year ; and an amiable engineer captain, with whom I conversed over a glass of cognac, assured me without troubling to preface his remarks with small talk—there is only one subject and none other—that they were not going to be caught napping again. His own triangulation marks already

dotted the hill-sides of this whole frontier district, and forty versts to the east another captain commanded another band of map-makers.

But, miracle of miracles, the Manchurian frontier meant that the market prices of every necessity of life had suddenly dropped in a most pleasing manner. Beer, which is a valuable commodity not to be drunk lightly in Russian Far Eastern territory, since it may cost anywhere from one hundred to five hundred per cent. above its legitimate price, was now to be had at ordinary rates ; whilst all sorts of half-forgotten delicacies of the normal Far East stood openly arrayed in martial order along the restaurant shelves. These facts cannot be easily explained ; but it seems evident that Chinese territory means even now cunning Chinese traders, unhampered by regulations, dealing at close prices, and so embarrassing the Russian restaurateurs, that even they become reasonable in their turn, thereby leaving the traveller with a few dollars in his pocket for further use.

This railway entrance into Chinese territory is not marked by the presence of any Chinese troops on the other side of the dividing line. Of such gentry there is, indeed, still not a trace. The Ninguta Deputy-Lieutenant-Governor, in whose hands lies the task of overseeing the whole of this important frontier, contents himself—at irregular intervals, when he can arouse himself from a lotus-like existence in his lost corner of Kirin province—with despatching deputies, who make perfunctory

visits to various points and exchange with Russian officials and Russian officers the handshake of enforced amity. The goodwill of this Tartar General is, however, much cultivated, and everyone speaks in friendly terms of the Fu Tu t'ung, the one Chinese word which appeared here to be understood. I was told at this frontier that the Chinese officials had become as suspicious of Japanese activity across the Korean border as the Russians themselves, and that special intelligence was exchanged between Russian and Chinese officials as soon as it was obtained.

It was very late at night when we began threading our way down through the frowning mountain ranges of Eastern Kirin ; and although I settled to sleep, content in the book-knowledge that for a hundred versts we would be passing through nothing but the same wild country, destitute for the moment of any geographical, statistical, political, strategical, or general interest, it was willed that I should be aroused suddenly and have a new fact engraved on my memory, necessitating a revision of data which were exact only thirty months ago. For hardly had I thrown myself down to sleep when we stopped with a jerk at a *radietz*, or siding ; and I was rudely aroused by two young Dragoon officers, handsomely dressed, entering my compartment and settling down to talk. Sleep in such circumstances was difficult, and pricking up my ears I prepared to glean such details as a diligent perusal of Marlborough's *Russian Self-taught in Three Weeks*—or is it three

days?—might reasonably warrant. Fortunately one word of suspicious familiarity rescued me from a test which might have been embarrassing. *Hunghutzu*, spoken repeatedly with the curious guttural Russian intonation, allowed me to forget my embryonic linguistic acquirements, and to make me almost entirely master of the situation. Here the Baconian method immediately proved its inherent strength. *Hunghutzu* are bad men and robbers; soldiers are good men and brave; and as my two bobbed up anxiously every now and then to peer fixedly through the windows at the dim mountains and hills, which majestically passed by in endless procession, their strategy was rapidly disclosed. They spoke of *hunghutzu*; they even appeared alarmed after the manner of men who have reason to fear; and since *hunghutzu* presumably do not stand amiably along a railway track so that they may be seen, it must be their handiwork which was sought. I was right. An exclamation from one of them made both men jump to their feet and hurriedly abandon their endless cigarettes, and through the portion of the window which their persons left free, I saw a great red glow rise and fall. Flames! The train kept on at its methodical pace up grades and down others with mechanical indifference, and as we approached nearer and nearer to a deep valley it was plain that a huge forest fire had been started, and was steadily advancing on the track. It was a suggestive picture. The train, containing up to now indifferent and

sleeping people, suddenly became wide awake, and a tremor of excitement passed along the corridors. We might be attacked and even held up. In a quarter of an hour or so we stopped at a station on whose earthen platform oil-soaked torches stuck in sockets were wildly blazing; and in this lurid light I saw a troop of brawny Russian cavalry, standing by their horses, muffled in greatcoats and with carbines in hand. The officers hastily put on their coats and hurried out to receive reports. It transpired then that the trouble had been started at the next sub-station, or new crossing-station made during the war. The railway wood piles there had been fired by unseen hands, and some out-houses destroyed in the same way; but although the alarm had been immediately given, no trace of the miscreants had been found. The mounted patrols which had at once been turned out, had nevertheless been fired on in the dark from all directions. It was plain from this that *hunghutzu* were actually about in some force, although it was not to be understood what cash profits they would draw from such midnight forays. Everybody was very much excited and pessimistic about our chances of getting through. When we reached the next station the wood-piles had burnt out and the forest fires had disappeared beyond the hills, but the officers got off preparatory to scouring the country as soon as daylight came, and gave the impression that much activity on their part would have to be met if this curious warfare was renewed at night-time. From

these and other indications which cropped up later, it was plain that the status of *hunghutzu* as a robber meriting attention had been much improved by the war. This is easily understandable when it is remembered that by the time the war was reaching its last stage both belligerents had armed large numbers of these men with the very best weapons, and were employing them in raiding, scouting, and intelligence work in many areas. The great majority of these *hunghutzu* have never been properly disarmed, and although in Southern Manchuria the Chinese authorities have enlisted as many as possible in the newly-raised corps, in Central and Northern Manchuria hundreds if not thousands of them remain in the field and commit depredations on every side. Thus men who were a negligible quantity before 1900 and were not redoubtable in any way before the war, have now become a real source of danger, for educated by the battles of the war they do not fear to make determined attacks whenever they see an opportunity for carrying off booty. With the coming of daylight one was able to see that the Russian authorities were in a nervous mood in this area, for block-houses built during the war to protect bridges and other weak links in the great steel chain had recently been reoccupied by small pickets of infantrymen, serving to emphasise the fact that the raiding *hunghutzu* were being closely watched and a warm reception prepared for them whenever it was possible. All the many Chinese travellers on the train talked

of their free-booting countrymen in awesome tones, and said that whereas formerly they only went in for petty pilfering, now desperate armed robberies, in which everyone who resisted was mercilessly shot down, had become the order of the day, making the railway the only safe means of getting about the country if valuables were carried. All the *hunghutzu* were Shantung men, they said, who had come into Manchuria quite recently, and who had probably been Boxers six years ago during the great upheaval. Desirous of providing amusement I told them the beautiful and romantic tale by M. Alexandre Ular in his book, *Un Empire Russo-Chinois*. In this account M. Ular was pleased to state that the Manchurian *hunghutzu* belonged to a special race of men who had been established in lonely Manchurian valleys as separate republics for many decades past. Nobody had ever heard of the lonely valleys where flourished this Rider Haggard-like race; but most of the men knew from bitter experience that *hunghutzu* are exported in embryonic form from the prosaic Laichoufu and Tengchoufu prefectures of Shantung, and only develop into robbers because they find that there is so much easy living after one successful *coup*, owing to the disorganisation of the country, the division of authority, and the vast distances.

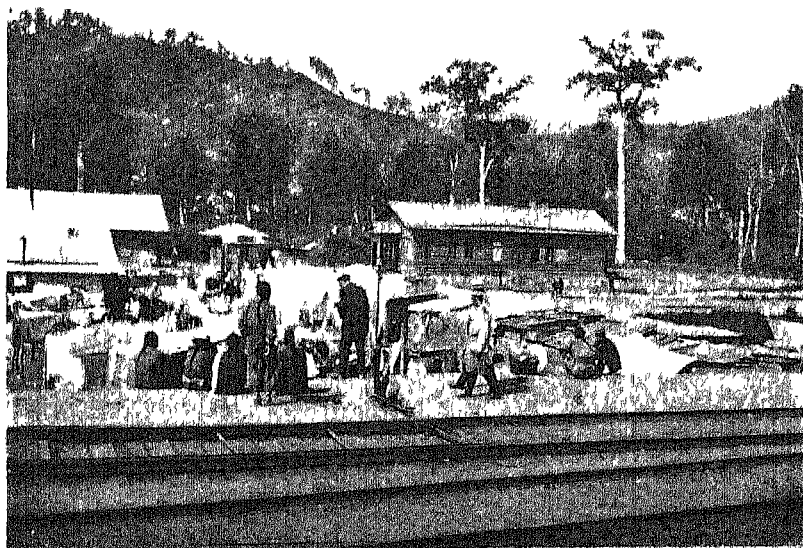
Meanwhile we had laid many versts behind us, although our stops were many owing to the number of the stations. The system which was adopted by the Russians in order to give increased capacity to

the railway during the war was simply to add a new station as nearly as possible half-way between all the old stations. As the average distance separating the stations in this railway area, the Harbin-Grodekov section, was, as nearly as can be worked out, from eighteen to twenty-four versts, the addition of the new crossing stations has meant that at distances varying from nine to twelve versts (say six and a half to eight and a half miles) a new set of sidings and railway buildings are now to be found. Had the war continued, Prince Khilkoff's plan was to subdivide once more, and by this addition of some two or three hundred stations from the Ural to the Pacific, to attempt to bring about an additional fifty per cent. increase in the carrying capacity of the railway. But this important question will be dealt with separately.

Once you are well past the river Hurka (Mu-tan-chiang in Chinese), which is 183 versts from Pogranitchnia and the Manchurian frontier, the character of the country changes and becomes even wilder than heretofore. Until now the hills have not been densely wooded, and the valleys whenever they broaden out have showed signs of Chinese cultivation. This fact is worthy of notice for the following considerations. All the country lying immediately to the west of the Russian Pacific frontier and the north-west of the Korean Tiumen frontier is dotted with Chinese villages which are connected with one another by rude Manchurian cart-roads. Those roads, even though they be only rough tracks impassable during



A VIEW INTO MANCHUKIA FROM NORTH-EAST KOREA.



A NEW WAR SIDING IN EASTERN MANCHUKIA.

the summer rainy season, are quite good enough for general lines of communication of mobile expeditionary forces. Therefore it may be said that all districts lying to the east, to the south-east, and to the south of Ninguta are fairly well settled by Chinese and easy to travel through. They can therefore be easily invaded. But once across the river Hurka and the marshy valleys through which that meandering waterway runs—that is continuing west on to Harbin—the nature of the country changes, and continuous ranges of mountains thickly wooded and menacing in aspect continue right up to a point only fifty miles east of Harbin itself. That is to say, between the Sungari valley and the Ninguta districts, pursuing your path along the railway track, there is a solid belt of mountains and hills covered with dense forests, a belt which is at places a hundred and a hundred and fifty miles broad. Should another war ever come, it requires no knowledge of military strategy to understand that this configuration will inevitably suggest the adoption of a certain course to the mind of the invader. A hostile force penetrating here from North-western Korea would simply require to entrench across the railway track east of Ninguta, and by so doing the Southern Ussuri regions would be completely cut off from the great base of Harbin, and the quick road to Russia lost. That is a very important consideration.

Perhaps it is this, and not only the rapidly-growing lumber industry, which has made many of the

Russian railway settlements in this forest belt grow very considerably during the past two and a half years. From Hailin (written Khailine in the Russian railway tables), which marks verst 313 from Harbin, right up to Hsialin (Siaoline), verst 74 from Harbin, there are strong garrisons of railway guards, and in many cases growing settlements of people engaged in lumbering near the railway track. Three years ago, before the war, there was but little of this activity, despite the highly-coloured accounts published by men who knew nothing of the East, and who still glowingly described the progress which Russian absorption had already made. To-day it is impossible to deny that some of the numerous Russian lumbering settlements in this region are actually on a dividend-paying basis, entirely apart from the Government support ; and if the train service is improved and this industry fostered, it may develop into one which may materially clarify things by promoting closer intercourse with many other parts of Manchuria, and so do away with that isolation which is so dangerous to territorial integrity. At many stations, such as Khantaheza, Kiaolinza, Toudokheza, Chitoheza, Imianpo, Oudzimi, Maorshan, &c. (these incorrect Russian transliterations are adhered to in order to avoid confusion), log-felling has been carried out over large areas, and Russian settlements have been established in clearings such as the pioneers in western America must have made in the old days. Amidst the stumps of these trees Chinese have seen

their opportunity, and have already commenced planting and sowing on a large scale. Around one station, where the number of railway guards and lumbermen with their wives and families must have created a large demand for fresh food stuffs, enormous patches of cabbage and other vegetables were to be seen. Caravans of Manchurian carts massed together showed that more Chinese were continually coming, and as the near approach of winter was already heralded, new villages of log and adobe were being constructed. Thus this lumbering conducted by Russian and Chinese labourers is slowly opening up areas which have hitherto been entirely unproductive.

And as there are many millions of acres of finely-timbered country, this unusual Russian energy need not be stigmatised, as it has been, as "rapacious exploitation." There is enough timber in the immediate neighbourhood of the railway for centuries to come. Yet the fact that Russian locomotives burn wood-fuel means the sacrifice all over Manchuria of great quantities of timber which might be applied to more useful purposes. At all these mountain stations in the lumbering belt enormous reserves of logs, sawn and chopped into short blocks, have been accumulated, and whole train-loads of this wood-fuel are being continually moved down to Harbin. Although it will not matter for many years to come, in the end this policy will be found to have been economically wasteful. Already in certain places along the Amur, wood is becoming perceptibly scarcer owing to the demands which the

large fleet of steamers and the settlers have made during the past quarter of a century; and it seems absolutely necessary that coal deposits should be discovered and worked so as to avert the evils which a complete disforestation of the country lying in immediate proximity to the waterways and railways would ultimately bring about. It is necessary, however, again specially to emphasise the curious manner in which Chinese settlers immediately avail themselves of any opportunity which may be offered them to squat on newly cleared land. All along the line, right until the great Sungari plain was reached, groups of men could be seen from the train burning tree stumps and firing the grass and undergrowth preparatory to ploughing up the land, making it their very own by the simple process of squatting on it. The Chinese settling movement, about which more will be presently said, is extending along the entire course of the Trans-Manchurian railway, and has done more than anything else to convince Russians who are willing to use their eyes that it is folly for them ever to expect to compete with such an enterprising and insistent population.

You note these little indications as you pass by; and the monotonous run continues until the great limitless Sungari plain is reached at last. Immediately you slip down on to that plain from the rough-timbered country through which you have been passing for so many hours, the great fields, which make this Sungari region one of the richest granaries of High Asia, begin and continue without a break, until, pass-

ing station after station filled with Chinese, you finally stop short in the very centre. This centre is Harbin, the stomach of the late war—a stomach whose strength largely saved the Russian army from the disgrace which the head almost brought about.

CHAPTER VI

THE WONDERFUL CITY OF HARBIN

IT is best to arrive by night at Harbin, for then dark shadows hide what is crude and jarring in the place, and the choking clouds of dust, which never cease to rise when the great wheeled traffic of the day is thundering by, lie peacefully sleeping on the ground. In the glare of modernity afforded by the spluttering arc-lamps, only the wonderfulness of the place is apparent. The endless lights signalling to one another across many square miles of conquered plain, signal yet more insistently to you, and would have you realise quickly that theirs is a message which is worth some understanding. For a great sleeping city lies before you ; a city only nine years old, and yet built with the fashionableness of Europe ; a city misunderstanding the real East, although geographically its slave ; a veritable enigma amongst cities. Only three short years ago the Harbin station was a mere makeshift affair, built of brick, it is true, but still a structure of the roughest kind, marking merely one single step in advance of the first railway buildings, which had

been hastily hammered together as soon as it had been decided that this should be the concentration point, the great inland distributing centre in the general scheme which was slowly being evolved by the gods in the machine.

The full-grown station came quickly during the war. That is the immense surprise; fifty times more was done by the Russians during the war, when all normal development might have been thought to be impossible, than had ever been done before. It is the war which has converted Harbin into the most populous European city in Asia, a city having at the latest computation 80,000 Russian inhabitants. The war, in undoing Russia in some places, has strengthened her in others. The station as you survey it may seem a trifle bizarre; that is only because the ordinary man does not expect to find an enormous Government building in the "new art" style in a place which has become a household name only because it served as the commissariat base during many months of fighting, and thereby saved the Russian Manchurian armies from starvation. Everything about this station of the Chinese North-West is *l'art nouveau*, exterior and interior; and the very luggage depository into which the great, bearded Russian porter packs your traps has graceful, long-waisted green woodwork, which seems ridiculous and out of place in what is no better than a camp. But the magnitude and modernity of the place appear still more marvellous when you force yourself to remember once more

that you are in almost exactly the central point of a country which was utterly unknown ten years ago—a country where normal development has been twice arrested, and where for two long years everything was strained to death along all lines of communication to swell the Czar's field armies. In such circumstances how so much has been done must always remain an enigma. In the immense and lofty railway restaurant, furnished with great mirrors and costly marble work, hundreds of people of all classes sit quietly eating and drinking, oblivious to the surprise they furnish, and officers of twenty different corps rub shoulders with twenty types of civilian men and women. In one corner of the unending platforms which follow the sidings, a battalion of infantry, muffled in long great coats and loaded with kit, stands silently awaiting some train; and at the ticket offices long lines of stolid Russian soldiery and Chinese workmen, mixed impartially together, clamour for their tickets. Amidst the slow clanking of the shunting locomotives, which never cease moving along the countless tracks, you realise something of the immensity of the work which can here be so easily undertaken, and was actually undertaken during the war; whilst outside the station, on the great open square where a division of troops might manœuvre at ease, masses of hack-carriages drawn up in solid phalanxes, yet filling an insignificant fraction of the available space, give an inkling of the rush of traffic which filled the streets only a few months back. It is

true, of course, that as a giant junction and point of concentration Harbin is inferior to such a European monster as, say, the Cologne station ; but in sidings, in immense lengths of rails stretching conveniently away into all sorts of corners, so that the handling of troops and supplies may be facilitated on an unlimited scale, it has but few compeers even in Europe—a German officer assured me of this. A little investigation soon proves that everything has been done in this respect to provide for armies yet more formidable than were those immense forces which were massed at the front when peace came. There are dozens and dozens of miles of sidings ; and it is said that during one stage of the war a whole army corps was entrained at Harbin and left on the rails pending the receipt of marching orders, without affecting the ordinary traffic. Like Gargantua, Harbin can eat at one sitting what others could not consume in weeks.

The town of New Harbin, lying in front and around the great railway station, has grown in much the same extraordinary manner as the railway and the special railway accommodation. Immense buildings, standing in their own grounds, are becoming the order of the day ; and broad streets of noble dimensions and numbers of great squares add to the commanding aspect of the town. It seems impossible to believe, as you contemplate these masses of brick and masonry in the indistinct night, that it was in 1897 that the two pioneer Russians rode into the place and camped on the bare veld. And

as you remember that many difficulties have had to be overcome which do not exist elsewhere in the world, you are lost in astonishment at the character of Russian resources. Despite all corruption, all carelessness and ineptitude—things on which the neutral world is never tired of expatiating—the great country lumbers continually forward, gathering greater and greater strength merely from its own onward movement. Soon I was to discover that every part of Harbin has grown in this way—even Old Harbin, nine versts away, which everyone thought abandoned just before the war. Yet it too has been resuscitated by the bustle of the struggle, and is now stretching out across the dusty plain to meet the other growing cities. Driving away in the silent night and contemplating this extraordinary expansion makes one curiously anxious to understand the future. If so much was done in days of defeat, what could not be done in days of victory?

By early morning I had made my arrangements. An efficient guide had been found, and the situation explained to him in one word. I wished to see everything. "Everything?" he had queried in that deep Russian tone coming straight from the chest which denotes serious surprise. "Everything," I had answered; and with his imagination tickled, perhaps, by that all-embracing word, he led the way into the street. We passed along silently—we were in Pristan or riverine Harbin—my guide doubtless reflecting on the arduous task which was in front of him. Soon *istvostchiks*

trotted up, looking at us inquiringly, because we walked. No true Russian would do this, and the drivers, hoisting their animals to a sudden halt, called to us that their prices were now low. But my guide, in his desire to acquire merit, had suddenly formed definite ideas; for that word, "everything," had made him serious and realise the nature of his duty. Some time therefore passed before he saw horseflesh which he adjudged good and fit, for the Harbin hack carriage has no traditions, and is not graced by uniformed or respectable drivers. The Harbin "whip" may indeed be described as a hard case who has taken to carriage work because a good many other things have failed; and in such circumstances the horses have certain points of resemblance to their masters. At the very last moment we met what the fates had obviously driven our way—a pair of powerful Russian greys attached to a rubber-tyred vehicle of some excellence, which the bankruptcy of the proprietor had thrown on the public streets. But it was first necessary to explain; and no sooner had the driver heard that word of ominous comprehensiveness than he too paused and scratched his head. He proved, however, to be a person of some enterprise and decision; and finally a price per hour was named at which he declared himself willing to explore the whole world. Only ten minutes' grace was asked to give the animals on whom this burden was to fall a few more mouthfuls of grain; then we would really drive for ever. As we strolled down to the

Sungari bank my guide assured me, with a grimness of intent which I did not then appreciate, that I would have a first and last opportunity of witnessing that in one department Slavism has nothing to learn, not even after the war—that is horseflesh and its management. It would be a test.

The Sungari has benefited by the war to the extent of having a high pontoon bridge added for the convenience of the carriages and travellers who constantly cross the river. During the war, owing to the danger of the great steel railway bridge succumbing to the destroying energy of dynamite if innocent-looking civilians were allowed indiscriminately to walk across it, an absolute prohibition was placed on approaching the bridge; and any one daring to break the order after the famous affair with the Japanese spies who were executed was mercilessly shot down. Therefore something had to be provided in its stead, and hence these pontoons. Now the traffic continually crossing—men, horses, and carriages—clearly shows that the left or Heilungchiang bank of the Sungari (Harbin is on the Kirin province side) has independently acquired a certain importance. A glance at the river and the river shipping, however, amply proves that as the railway now provides direct and uninterrupted communication much more cheaply than was ever before the case, the former importance of the great Manchurian waterway has considerably decreased. The little stern-wheel Russian steamers which ply between here and the Amur, and which

can even venture up-stream as high as Kirin City when the river is very full, have diminished rather than increased in numbers, and the owners of those that remain are reported to be in a parlous way financially. The immediate prospect of railway communication being added all along the Amur banks completes their discomfiture ; and although it is certain that the industry will ultimately revive, riverine shipping in Manchuria for the time being has small prospects. Yet on the other hand the Chinese junks have grown greatly in numbers, for the simple reason that they are still the main carriers of grain and other food-stuffs which flow towards Manchurian towns in enormous quantities from all over mid-Manchuria. Now, however, with the pause which has come in the great Harbin flour-milling industry, a pause which will presently be alluded to in full detail, they too have entered on a period of depression. The resources of the country still overpower the demand.

At length, with everything ready for a drive of exhaustion, we sprang into our carriage, and with a chirrup and a suppressed shout our driver, as if he too had caught the idea, was off like the wind. Clinging tightly to a carriage in Harbin is an occupation in itself ; and some of the ruts which are encountered show you in a convincing manner that Russian carriage springs are made of a steel which one day should be famous. Even on the most important streets, up and down you slam in this extraordinary manner until all sensations are benumbed,

and you come back to rudimentary feelings of exhaustion ; Russian roads, like Chinese roads, are mere tracks. Along Mill Street, which runs parallel to the river, flour-mill after flour-mill, constructed of red brick, is passed. All these big establishments now lie almost entirely idle after the great efforts of the war ; for American flour, which was rushed in such enormous quantities into Vladivostock immediately after peace, has made Manchurian steam-milling unprofitable for the time being. All along the streets of Pristan, or the Sungari town, good-looking and substantial red-brick buildings are rapidly replacing the primitive wooden structures which date back to the founding of the settlement ; and enterprising owners, convinced that the town will never do much for them, are seeking to improve their properties by laying broad pavements of stone or concrete in front of their houses, and abolishing the rotten wooden boarding which serves as a side-walk in every Siberian town. There is thus a spirit of some personal enterprise in the air. You pass out of the long Sungari streets to enter the heart of the riverine town, and then, moving away from the river neighbourhood at breakneck speed with the utmost unconcern, you add your little clouds of dust to the bigger clouds that have already been gathered by the growing traffic. Harbin dust is something which must be seen at its best to be believed—that is, when the air is nut-dry. Some have complained of the Peking dust in the old days ; and others, more recently, who went to the great Liao plain in search

of news thought that when dust storms blew they there experienced mother earth at her worst. Yet none of these really knew. For dust to be really dust must be kept moving slowly and more and more thickly; once you have moved it in Harbin it effects the conquest of the air unaided. So inordinately thick are these dust-clouds that looking back from rising ground the riverine settlement is enveloped in a thick grey mantle of seeming battle smoke, through which the faint outlines of tall buildings and taller smoke-stacks can just be traced. It is well in such circumstances to follow the practice of the natives, who rigidly exclude dust as a subject of general conversation.

Formerly the real business quarter of Harbin was that known as Pristan, which grew up quite naturally and unconcernedly, because it was in immediate proximity to the river, and, therefore, astride of the best line of communication before the advent of the railway. But the proper organisation of the railway and the building of New Harbin nearer the great station have changed the old conditions of thirty months ago. Now, the banks, the newspaper offices, the important new shops and firms, have been established in the New Town, and the commercial centre is slowly being shifted to where there is more room and wider streets. Still, most of the flour-mills and a number of small factories and miscellaneous establishments remain in Pristan; whilst the enormous quantity of provision shops—there are whole streets of Chinese “stores” in

Pristan, where everything imaginable may be purchased—point to the fact that the heterogeneous community remains where it has always been, near the river. These endless blocks of shops and stores, varying from the small wooden shanty constructed before the Boxer year to the new double-storied red-brick building of yesterday, are indeed a wonderful feature. Enough is said when it is mentioned that during the war the population of the town swelled to such an enormous size that it was reputed to include three thousand people battenning on the army by catering to its every need. Those happy days of such buying and selling and insensate rouble-making have now gone never to return. Hundreds of shops which only yesterday were doing a thriving business are half closed, whilst from the looks of the top-booted and fur-capped proprietors who stand at the doors of many others, business, if not dead, is sadly languishing. By no one in the world was the Czar's decision to make peace at any price so cursed as by these hundreds of provision shops, drinking saloons, and dubious-looking restaurants ; they were counting on the war going on for ever, and by immense ingenuity, notwithstanding the military monopolisation of the railway, they somehow succeeded in stocking themselves with every manner of thing. The rivers and the post-roads brought what could not be conveyed by bribery on the railway ; and thus everything was for sale—at a price.

Rapidly threading such streets, you finally

debouch on the great desolate-looking tract of Sungari plain, through which the railway open-cut runs. This immense barren space and the railway open-cut divide the two towns of Pristan and New Harbin. And yet so quickly are things still expanding in this strange city that in a very few years—or even months—the invading lines of red-brick buildings will have joined hands, and the twin city will be made one.

And just here in the vacant zone was a little thing which one might have passed a hundred times without notice. It was simply a wooden shanty standing near a pump and adorned with a big sign in Russian—"WATER." The lucky owner who had had the inspiration to sink that well a few years ago and pump up water, had in the course of forty months amassed a big fortune. No public water is to be had for miles around, and the enormous stream of wheeled traffic passing between the two towns has had to pay toll to that one man whenever animals have needed watering. My guide merely spoke enviously of this pump, which no one had thought of imitating. It was one of those small details which are at once the explanation and illustration of many other things amongst the Russians. Competition is not instinctive with the race, and everybody is indifferent and lazy; if they were not, Port Arthur would never have been lost.

We galloped on, our driver urging forward his animals unsparingly as they warmed to their work; and with a clatter and a dust-cloud which advertised

that our mission of investigation was one which was at least being enthusiastically prosecuted, we passed across the long wooden railway bridge leading over the open-cut. It was through this gateway that more than a million of the Czar's soldiery and a quarter of a million of horses arrived from distant Europe during the war in great numbers of trains a day.

New Harbin, laid out on that lordly scale which in these days is possible only when an enormous block of prairie land has been acquired at a nominal price from the sovereign owners, was now before us; and the remarkable development which has been brought about by the indirect effect of the war was even more plainly apparent by daylight than it had been the night before. Not only have entire streets and districts of well-built houses arisen—necessarily well-built owing to the unparalleled severity of the six months' winter—but immense piles of exceptional proportions are now rising on all sides. The spending of all these millions of money, for building in Harbin is very dear, is ample proof that Russian treasury figures, reckoned like those of other national treasuries, cannot be said to represent to-day the true financial condition of the nation. Otherwise it would be absurd for a country on the verge of bankruptcy and the suspension of specie payments—about which belated newspapers arriving just then in Harbin were speaking—to spend money in the lavish manner in which it is being officially spent in a place so unimportant to

the real well-being of the Russian Empire as Harbin. Again, it might also be argued that if Russian speculators were convinced of this approaching insolvency, which affords such delight to the critics, they would not be inclined to sink vast sums in buildings which cannot be looked on as productive for some years to come. As your carriage swings round the great mass of solid red-brick buildings—a permanent market which is to be called “The Moscow Bazaar”—which is being erected by a powerful group of Moscow merchants, these questions are forcibly presented to your inquiring mind, and become more and more tantalising as the chorus-singing of hundreds upon hundreds of Shantung coolies, engaged in sinking foundations for yet more rows of new houses in many other districts, smites upon your ears. Everywhere building is going on. In the neighbourhood of the palatial Russo-Chinese Bank, vast edifices become the order of the day, until the impressions created in Vladivostock, in Nicolsk and elsewhere grow stronger and more fixed. Russia, in spite of all her faults, understands some things a good deal better than most people suppose; and the domination of the magnificent and the large is certainly one of these. Past such streets, bustling with a gay life which is infectious, you gallop on, until at last you swing out of New Harbin. Now costly examples of the singularly picturesque Russian architecture are to be seen on the outer roads, belonging to some of the higher officials resident in the town;

then, once more leaving behind you the settled area, you emerge on the open veld. Straight in front, in the far distance, is Old Harbin—the town which, although forming an integral part of this Harbin railway octopus, has a railway station nine versts away from the central station in the New Town. That shows you how distances are measured here.

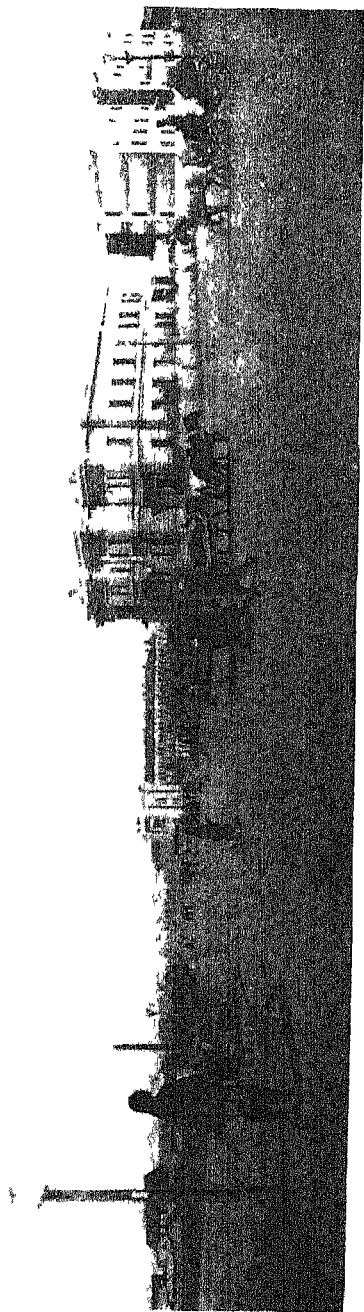
This open veld, which is nothing but the untouched Sungari alluvial plain, is cut through by an immensely broad series of cart-ruts, leading to Old Harbin, which for want of a better name is called the highway, and which has been made so broad by the continuous traffic passing along it that a dozen vehicles might drive abreast without inconvenience. On either side stretches the virgin prairie-land of Kirin province—rich flat land that has never yet been touched by the Chinese mattock or by the plough. Far in the distance can be seen a blur of townlets, also forming an integral part of Harbin, and rising like oases in a conquered desert; and along this highway, looking like the merest atoms lost in a sea of desolation, come all sorts of vehicles and drivers—Russian peasant women seated in broken-down Russian country carts with their heads tied in picturesque handkerchiefs; Chinese carters urging with their heavy whip-cracks mixed teams of mules, donkeys and ponies; smart-looking Russian cavalry officers driving typical American buggies; fat burgesses in plain hackney carriages of wood—all the various types which go to make

up one of the most original populations in the world. Over these heavy roads Old Harbin seems to lie a good way off; and our driver, desirous of easing the tedium of the journey, turned right round on his box and performed the strange feat of driving backwards at a hand gallop, so that he might regale us with stories of the night perils in this amiable neighbourhood. The admixture in Harbin of Saghalien *bradyagi*, or escaped convicts, long-coated adventurers from the Caucasus, and Siberian ne'er-do-wells attracted to Harbin by the scent of the war had apparently been highly unfortunate, and, once night had fallen, all wayfarers were systematically robbed of all they possessed. The Harbin *istvostchicks*, who dwelt in great numbers in the small outer suburbs, had at length been forced to resort to the method of coming home at night-time in bands of dozens of carriages for mutual protection; but even this was proving of no avail, as in the last case of armed robbery the bandits had stampeded the main body by a heavy revolver fire, and had then calmly cut off the stragglers and taken everything from them, including even their horses.

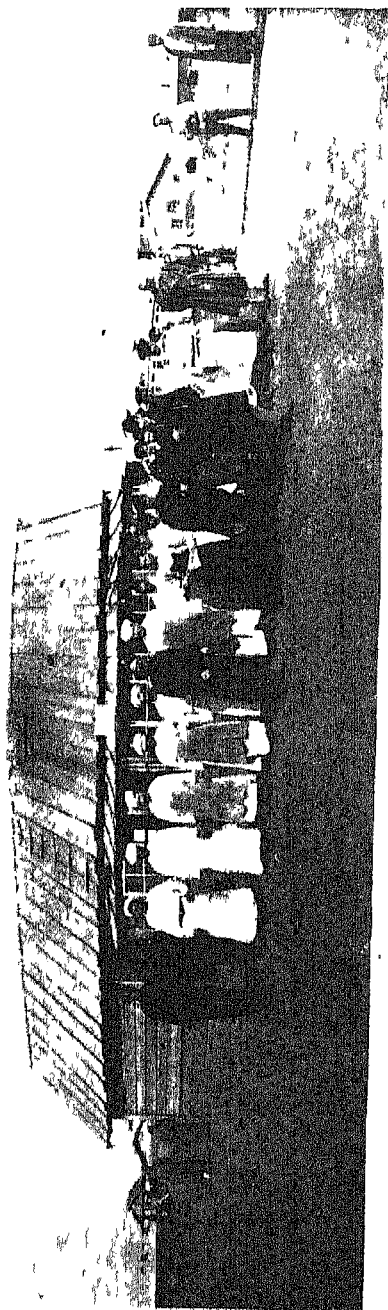
Regaled by tales of such occurrences, which, after all, are perhaps only natural incidents in the growth of this unprecedented place, we finally entered Old Harbin, where in the winter of 1897 there was but one solitary Chinese distillery, and no other building for many dozens of miles around. Before the war Old Harbin was decaying fast, since it had served its first purpose; to-day it has again a population

of several thousands, and contains all the important offices which deal with the sale or lease of the railway lands lying round the town. The buildings, it is true, are not imposing, and are mainly of wood or the rough brick which was procurable in the early days of seven or eight years ago. Still so great is the pressure in the other towns that even this one-horse outskirt has a future before it; and land values have begun to appreciate in a way which shows that speculators foresee the day when Harbin will be a town of a hundred square versts. To the north of Old Harbin there is another considerable suburb called Alexieffskaya, which is a typical Russian village filled to overflowing with people of the lower orders. Old-fashioned windmills raise their sails over the townlet, and in the disordered yards of this peasant settlement farm-animals roam at ease. This curious suburb has simply grown up owing to the fact that during the great boom many classes of peasant people came into Manchuria by rail and, finding that they could squat on land just outside the limits of the railway concession without any questions being asked, promptly founded small towns.

Having seen what little there was to see in this corner of the plain, we once more bent back, and driving now due south along a broad track on which large parties of Cossacks in fatigue-dress were riding with mobs of horses, we at length crossed the railway line on its way east to Vladivostock. And here we entered the outskirts of the



NEW HARBIN.



"HOSPITAL TOWN" HARBIN.

separate hospital town, Gospidal-Gorodok, which is a complete and self-contained settlement in itself, well planted in the midst of the breezy plain. Here hundreds of acres of ground are covered by enormous blocks of bungalow-hospitals, sometimes consisting of permanent structures of red brick, and sometimes of German army huts made of patent asbestos. At the doors of some of these buildings still lounged a few last victims of the war clothed in the loose Red Cross clothing of the Russian army; whilst army nurses and army doctors hurried to and fro. The railway, passing so close, permitted trains during war-time to be shunted on to sidings within a stone's throw of these wards; and nurses and doctors being on the spot in great numbers, it was but the work of a moment to transfer crippled men from the carriages to the base hospital. It is thus evident that if Russia did bring on the war, and did neglect in the first instance the care of the wounded, as soon as her ponderous system got into working order, no expense or trouble were spared to provide for the innocent victims on a scale commensurate with the requirements of such death-dealing battles as Liaoyang, the Shaho and Moukden, when from twenty to sixty thousand wounded and sick were sent back to Harbin for treatment in an endless stream of trains. A rapid inspection is sufficient to prove that in this hospital town all modern requirements have been met, kitchens and disinfecting plants, operating rooms and store-houses, being regularly distributed in every division, whilst

immense avenues have been left between the various buildings to ensure that each group of hospitals is isolated from its neighbours. A couple of versts' hard driving brings us to the end of the central avenue, and beyond this settlement is the seventh division of Harbin, Corpusnoi-Gorodok or "Army Corps Village," which is much the same in outward appearances as the hospital town. It is a military town separated from the rest of the city, and its stiff lines of brick buildings lose themselves in the distance. Division after division of troops could be housed here, and since the whole of the Sungari plain lay at the disposal of the Russian Headquarters Staff during war-time, barrack after barrack was added to those already existing as fast as Chinese labourers could build them. Everything has been designed on a vast and ample scale. There is room everywhere ; in fact too much room, for on surveying these immense works one cannot escape the feeling that unless everything is overseen with an iron German discipline, and an inordinate attention paid to detail, the size alone must lead to that confusion which is so fatal to military efficiency.

We drove quickly through this separate military town, in which are now billeted six regiments of infantry, some battalions of railway guards, some artillery, and some cavalry—a big force in other countries, but one hardly even noticed here ; and having understood something of the capacity of the place, once more we headed back for the new

commercial town. It seemed as if our explorations must now be ended ; but I had overlooked the fact that there is also a Chinese town, a commissariat town, and the germ of a trans-Sungari town.

So night had already fallen before we had completed our extensive survey. From Corpusnoi-Gorodok, or the army corps suburb, we had driven to the Intendanz-Gorodok, or the commissariat suburb, and surveyed a mass of buildings, from which had been directed the marvellous work of feeding over a million soldiers. From thence we had gone on and glanced at Futatien, the purely Chinese town, which, although three or four years ago it was only the miserable mud village of the Chinese squatter type, is now fast developing, thanks to the acquisition of millions of the all-conquering rouble, into a respectable Manchurian town, with gaudy Chinese signposts and much gold and paint-work. Finally, with our horses fairly foundered, we had driven over the Sungari pontoon bridge, and glanced at the possibilities of the far side of the river, where land may still be acquired for a few shillings an acre. In an expiring canter we fetched up home. Then only did the yellow-bearded driver step slowly from his seat, stretch himself with an immense sigh, and grin with satisfaction. It had been money well earned, and his greys, as they stood with drooping heads and quivering legs, proclaimed that we had travelled at least fifty versts with but one long halt. It was time to pay without that anger in one's heart which one generally feels.

This time there had been no bleeding ; the last kopeck of value had been extorted.

And yet with this long drive behind us, my guide still argued that we must not lose too many minutes in idling or eating, but must see Harbin at night to obtain certain final points of view. Then we might claim to have seen everything of the outward aspect in a day. With the gloom of the over-tired—for twelve hours on those roads is something which must be experienced to be believed—we ate, and with upbuttoned coats sallied out once more. The air, almost warm a couple of hours before, had suddenly become bitingly cold, and the endless rows of restaurants, drinking saloons, and other night haunts were now brightly lighted. Waiters and drawers stood, after their wont, idly at the doors of these many establishments—for habit speedily becomes a second nature—waiting for those thick swarms of guests that now never come. *Femmes galantes*, speaking all the languages of Europe, crowded these caravanserais, and the thin scraping of violins and the deeper notes of wind instruments added a suggestive background to this nocturnal vista ; for without the Great Three, *Wein, Weib und Gesang*, life to the Russian has only half its joyousness.

Yet for all this assumed gaiety, these endless caravanserais are mere ghosts of the war. All the king's horses and all the king's men have disappeared, vanished—excepting a sober handful who do not count—and only the tawdry and evil-smelling

saloons and the famished women remain in Harbin. Bitterly did my guide express the wish to me that these allies of the Russian army, who had contributed so much to its temporary undoing, should be photographed and pilloried in cold print, so that the alleged non-efficiency of the men might be understood. Yet why? Such repining is surely foolish. In this matter, as in all else, the law of compensation does not fail to act. There is far more strength than weakness visible at Harbin; and with the Russians, *jamais les arbres verts n'ont essayés d'être bleus*.

CHAPTER VII

THE RUSSIAN WAR PERFORMANCE VIEWED FROM HARBIN

FROM what has been written it will be understood that Harbin played a remarkable *rôle* during the late war. It was not only the stomach of the Russian Army, digesting everything that was given it to digest, but its existence, its facilities, its great resources, and its vast energy made of it something so surprising that all calculations regarding both the winning of the campaign of Southern Manchuria and the vanquishing of Russia—thereby possibly extinguishing Czarism in the Far East—were set at nought. It was not merely the Siberian railway, as too many have supposed, which saved Russia when she was in a terrible dilemma; it was Harbin and what it stood for. Just as without the facilities which Dalny provided for the Japanese, even the slow investment of Port Arthur would have been almost impossible, so without Harbin the Russians would never have dared to send a million men to Manchuria. And it is therefore from this practical point of view that certain things will be considered. A

glance at the past will disclose the tendencies of the future more quickly than anything else ; at the present moment, therefore, retrospection is not only illuminating, but absolutely necessary.

At the outbreak of war Harbin was in a more parlous position than has been supposed. The colossal expenditure, so carelessly entered into by the builders of Greater Russia during the rapid construction of the Manchurian railways, was at last being rigidly curtailed ; and as Harbin had been created and developed by the direct and indirect influence of these railway disbursements, and of the land and building gambling which they engendered, its growth might have been suddenly arrested once those influences had been removed. There was one liquid asset, and only one, in the town, apart from the railway. That asset was the milling of flour, an industry which has been so profitable that, in the space of four or five years, several respectable fortunes had been made by Russian millers. The vast Sungari plain lying round Harbin and possessing an area of several million acres of the richest soil, had, for years before the coming of the Russians, been attracting great crowds of Chinese squatters, drawn either from the Southern Manchurian province or from Shantung ; and these, having no restriction placed in their way by Chinese officialdom, had been steadily and methodically bringing more and more land under cultivation. Grain was so cheap, and the demand so slight, that in the decade ending

with 1900 it had often been necessary for these squatters to burn down half their crops—thereby enriching the soil—because there was no market for them. For years these men were accustomed to live in the hope that the desired increase in the consumptive demand, which would make Manchurian farming profitable, would somehow come at last. Chinese settlers on the Sungari plain were therefore in the droll position of being unhappy because their soil was too rich and the outer world too inaccessible for their crops to have value. The very Manchurian pigs were all grain-fed, a state of affairs which may be said to be contrary to every inborn instinct of the Chinese farmer, who regards his pigs as mere farm scavengers, fated to live on offal and dirt.

The presence of an increasing number of Russian inhabitants in the settlements on the Amur river, however, soon began to attract the commercial instinct of men who are traders before they are anything else. Junks began to make a regular business of sailing down the Sungari river deep-laden with grain, and offering for sale at ridiculous prices along the Amur river fat cargoes of excellent cereals. This trade had only begun to grow to considerable proportions in the later 'nineties, and, had not the Chinese Eastern Railway been built and Harbin founded, it is quite certain that steam flour-mills would have been erected by Russian speculators along the course of the Amur river to

deal with the bulk cargoes of grain that were constantly being received from the Kirin province of Manchuria.

The founding of Harbin brought about a change. Somebody understood the vast possibilities of this fertile region ; a small steam flour-mill was erected at an expenditure of a very few thousand roubles ; grain which only cost twenty kopecks a *pood* of thirty-six English pounds was ground and sold at a gross profit of five hundred per cent. ; and Harbin's future as a flour centre was soon established. Reckoning the present market rate of the Imperial British quarter of eight bushels, or 504 pounds, of wheat at twenty-eight shillings, it is seen that English wheat is worth two shillings per thirty-six pounds, or, in Russian terms, ninety-five kopecks a *pood*. Harbin grain was, therefore, originally about seventy-five per cent. cheaper than the market rate of grain in England.

By 1902 there were four Harbin mills in operation, and although Sungari grain had risen over 200 per cent. in value owing to the sudden demand, that is, to sixty kopecks a *pood* of thirty-six pounds, at the time the price seemed well established for very large operations. The beginning of the war consequently found more mills going up, and as the town seemed in danger of having too many establishments in close proximity to one another, the last step to be taken in this industry was thought of. Instead of confining their activity to Harbin, specu-

lators began putting up plants at railway stations which lay in the centre of grain districts ; and thus in due course large flour-milling facilities were possessed not only by Harbin but also by other points along the railway. The position, then, when the war was in full progress, was that instead of the Russian commissariat department having to rely on a 6,000-mile single-track railway, badly constructed and indifferently ballasted, for one of the most important items of soldiers' food supplies, flour (as was at one time a constant but quite erroneous contention of eminent military authorities), the following Russian-owned mills were in operation in Harbin :—

	Daily capacity in Poods.					
Sungari Mill	10,000
Zozulinsky Mill	7,000
Manchu Mill (No. 1 and No. 2)	6,000
Driezen	2,500
Riff	3,500
Nowalski	7,000
Tourkim	10,000
Kloudineff	1,000
Total	47,000

This makes nine mills with a capacity per twenty-four hours of nearly 1,700,000 English pounds.

In addition to these nine Harbin mills there were nine other flour-mills in operation along the railway—all in Kirin province, with the exception of the first. These were distributed as follows :—

Mills.	Capacity per 24 hours.	Distance from Harbin.
Tsitsihar	2,000 poods ...	253 versts west
Achido... ..	2,500 " ...	39 " east
Imiampo	5,000 " ...	156 " "
Hailin	7,000 " ...	313 " "
Ninguta	2,000 " ...	360 " "
Kuan-Ch'êng-tzu ..	7,000 " ...	221 " south
Shuangchengpu ...	{ 6,000 } { 4,000 }	47 " "
Kirin City	5,000 " ...	300 " "
Total	<u>40,500 poods</u>	

This makes nine additional mills with a total capacity of 40,500 *poods*, or 1,458,000 English pounds per twenty-four hours. With the exception of the Kirin City mill, which belonged to the Tartar General of Kirin province, every one of these mills lay along the railway track, and their outputs were, therefore, immediately available for military use. In the case of the Kirin City mill, the 180,000 pounds which it could turn out daily made the Russian force, whose base was Kirin and whose advanced lines met the Japanese advanced lines south of Heilungchiang, quite independent of Harbin. All the other mills outside Harbin were also specially useful, because they permitted the railway guarding forces and lines of communication both east and west of the main base to be fed practically on the spot, without having to draw supplies away from Harbin and the main armies. They also allowed constant shipments to be made to the Pacific province forces. Thus

there were eighteen respectable steam flour-mills in Central and Northern Manchuria having a maximum output per twenty-four hours of 3,150,000 English pounds, or roughly 1,400 tons a day; and it will be observed that in this calculation no account is taken of Chinese mills, in which the motive power is supplied by draught animals—that is, the ordinary Chinese stone-milling establishments—and which turn out a coarse flour quite suitable for military bakehouses. In 1900 much of the flour consumed in Peking by the native troops from India was milled in this way, and the flour was reasonably good for the making of *chupattis*. A rough Russian estimate, made during the war, placed the number of big native flour-mills in Kirin province at 400, 160 of which were at the important town of Kuan-Ch'êng-tzu, a point sixty or seventy miles behind the main Russian armies at the time peace was made. Had it been necessary, therefore, Chinese supplies could have supplemented the output of Russian mills to a very considerable extent without exhausting the country for many months. The amount of grain locally available was literally enormous, and the demand so stimulated the supply that new ground was being broken every day during the latter part of the war. The military position, however, never demanded any extraordinary measures. During the whole of 1904, and indeed until the crushing battle of Moukden, the Russian commissariat arrangements were conspicuously defective, because the armies in Southern

Manchuria had been foolishly looked upon as mere expeditionary forces, which had to improvise for themselves and live on the country as best they could, rather than as armies organised on a European basis. It was not until the reorganisation of the whole of the Siberian railway, the completion of the Circum-Baikal railway, and the decision of the St. Petersburg General Staff to prosecute the war on a maximum scale, that the position was materially changed. The fall of Port Arthur and the determination to push on the war energetically as a war of exhaustion, may be said to mark the moment when the commissariat organisation of Harbin took proper shape, and a sound scheme was evolved for the regular and systematic feeding of a million field combatants. The entire Harbin flour output was then taken over by the military authorities; and assuming each soldier's daily allowance of flour to be $1\frac{1}{4}$ lb. a day, the Harbin mills alone placed at the disposal of the commissariat 2,000,000 rations per twenty-four hours. As far as flour was concerned, then, sufficient quantities were locally available to feed every Russian soldier east of Lake Baikal on the day peace was signed, for the mills outside Harbin could have almost doubled the number of flour rations actually available daily. Whether supplies would have continued to be sufficient had the war gone on and the general mobilisation order of the whole Russian Empire, which the Czar threatened, been carried out, so that almost every one of the thirty-two Russian army

corps were represented in Manchuria, is a question which will presently be considered. The available evidence points to the fact that they would have been almost wholly adequate, and that the Russian soldier would have been well found in bread to the very last.

Next to flour, the most important item in the soldier's dietary may be said to be meat. If reasonable rations of flour, meat, vegetables, salt, sugar, and tea can be supplied to the Russian soldier, he lacks nothing in the way of luxuries, since he is a simple, healthy fellow who never asks for much ; and as the only rations which bulk heavily are the two first mentioned—flour and meat—it is well to inquire whence came the enormous quantities of meat necessary to feed a ration-strength which on September 1st, 1905, roughly amounted to 1,200,000 men. During the earlier stages of the war the provision of meat was managed in much the same way as that of other supplies. Whilst all the important engagements of the year 1904 were being fought, cattle supplies were being drawn by the Russian forces not only from the rich country west of the Liao river—the Liao Hsi—but also from Mongolia ; and excepting for some salted meat in casks despatched irregularly from Russia to the Liaoyang and Moukden bases, most of the meat consumed by the Russian Manchurian armies in this year was Chinese or Mongolian beef or mutton. The year 1905 brought a marked change. Not only were Chinese supplies in Southern Manchuria becoming exhausted before

the battle of Moukden was fought, but the difficulties of foraging grew more and more intensified. It was the proper organisation of the commissariat system at the true base, Harbin, which did away with the necessity for a hand-to-mouth policy in the field. This organisation had been unduly delayed, it is true ; but no sooner had it been attended to than it showed its general excellence.

The chiefs of the supply service at Harbin adopted early in 1905 a three-fold system in order to provide meat in sufficient quantities to meet the immense daily field demand. First, contracts were placed in Mongolia for large numbers of sheep, and these contracts were carried out mainly by Buriats from the Irkutsk and Chita districts. Here it is necessary to remark that in the last stages of the war Russia was singularly fortunately situated, both geographically and ethnologically. In the large Buriat population of her Transbaikalian territories she possessed an ally of extreme value. These Buriats are pure Mongols ; they profess Lamaism, and have only been sufficiently Russianised to enable them to become good intermediaries between Chinese Mongols and the local Russian inhabitants and traders in the great land-frontier commerce which centres at Irkutsk. The traffic between Asiatic Russia and Mongolia along the Kiachta-Urga camel-caravan routes, mainly springing from the great brick-tea trade, made this new work easy to accomplish ; and consequently to-day in Harbin you may be shown a caravanserai called

“The Buriat Millionaires’ Hotel,” from which prosaic centre an immense commerce in fresh meat supplies was carried on during the war. The Russian commissariat authorities had thus simply to sign contracts for so many thousands or tens of thousands of head to have them driven in by independent contractors from Mongolia. Mutton, like flour, was always obtainable locally in enormous quantities without placing any demand on the railway.

The second method of meat supply was to place contracts with Russian civilian contractors in Harbin, for the supply of many thousands of tons of fresh and salted beef, leaving the manner of carrying it into the great commissariat base entirely in the hands of such army speculators. The biggest of these contractors kindly placed at my disposal his ample experience, and it is interesting to be able to record exactly the methods generally pursued. Investigations conducted by these civilian contractors, in conjunction with Chinese speculators, soon proved that beef, unlike mutton, could not be procured sufficiently cheaply, or sufficiently rapidly, or in sufficiently large quantities, in either Manchuria or Mongolia for the requirements of the great Russian army, and that it was therefore necessary to go much farther afield. A rapid telegraphic investigation in both Eastern and Western Siberia soon disclosed the fact that big supplies could easily be drawn by the train-load from three important Siberian agricultural centres—Tomsk, Omsk, and Kurgan, which lie 3,633 versts, 4,433 versts, and

4,933 versts respectively, west of Harbin. Thus the first centre was about fourteen days away by slow military train (travelling ten versts an hour) the second centre eighteen days away, and the third over twenty days. Winter, however, is an opportune ally in these regions, since from October to May, carcasses sewn in canvas can be transported for weeks without fear of putrifaction. As for the hot months the idea had been mooted, and would if necessary have been put into operation, of diverting the special Siberian refrigerating trains—engaged in ordinary times in the transport of Siberian butter for the English markets—for this special war-work. Meat bought in immense quantities and delivered at the stations of Tomsk, Omsk, or Kurgan, cost Rls. 5·26 a *pood* of thirty-six pounds; and this meat was actually laid down in Harbin within twenty-one days at a cost, including all charges, of Rls. 7 a *pood* during the whole of the war. This compares very favourably with the present market rate for Australian dead meat in Vladivostock, which is Rls. 8·60 a *pood*. The war, therefore, was a very cheap one for the Russians in meat as in flour, and in spite of the enormous demand Siberian meat hardly rose in price during the whole of 1905. The large contractor in question was only one of many engaged in this profitable traffic; and the fact that his net profit made in eight months, with a moderately close scrutiny of accounts, amounted to two million roubles—£208,000—is sufficient to show that the quantity handled—figures which I am not

at liberty to publish at this moment—was immense. It may be said, then, that no difficulties whatsoever were experienced in providing beef rations for upwards of a million men, owing to the adoption of this simple plan of sub-letting army contracts to civil contractors at Harbin, who had merely to arrange with the military communication bureaux for the placing of railway waggon space at their disposal. It depended largely on the number of trucks which could be set apart for this purpose as to how much meat could be brought to Harbin from Siberia. The Tomsk, Omsk, and Kurgan centres would not have become exhausted for several years, and the Siberian meat supply was, therefore, looked upon as inexhaustible and wholly sufficient for all army requirements.

The third method in vogue in the matter of meat supplies was the periodic dispatch of large consignments of salted army-meat in casks from army dépôts in European Russia; but this method fell more and more into disuse as the advantages of sub-letting all contracts to civilian contractors at Harbin became clearer and clearer. It was found simpler not to strain the Army Service Corps excepting at the actual front; and therefore, as has always been the case in the Russian army, civilian contractors managed the base supplies. The minor articles of the soldier's ration—tea, salt, sugar, and vegetables—were very easily furnished. Brick-tea was brought direct from Irkutsk by rail, to which point it had been brought as usual by camel-caravan

from Peking ; salt was obtainable locally in very large quantities ; vegetables—beans, cabbages, and peas—are raised on an enormous scale all over Central Manchuria and were, therefore, easily to be had ; sugar alone had to be brought from Russia, as well as tobacco and all hospital stores.

From this brief survey it will be seen that the strain thrown on the Siberian railway by the provisioning of the immense forces, which Russia had succeeded by the close of the war in assembling in Manchuria, was of the slightest. Flour was available locally in sufficient quantities to issue daily rations to over a million men ; meat was obtainable in live stock driven into the camps from Mongolia, and was supplemented by the supplies of civil contractors sent over the railway from three points, varying from 2,500 miles to 3,500 miles from Harbin ; whilst three other important categories—tea, salt and vegetables—were all purely Far Eastern products. The railway could thus devote at least two-thirds of its strength in the last stages of the war to the transport of armed men and the accompanying vast supplies of munitions of war.

For two months after the crushing battle of Moukden the strain imposed by these categories was, however, almost intolerable, because Vladivostock had to be vastly strengthened and prepared for an arduous siege. Consequently as many as ten trains a day were at one time leaving Russia bristling with guns and bursting with warlike stores, and were steaming straight for the great Pacific

fortress. But by June of 1905 everything that could be thought of had been dispatched to Vladivostock, and the train traffic became a normal and persistent flow of men and military supplies directed towards Harbin, as the base of the great forces massing south of the Sungari. This improved and greatly accelerated Russian train-service was undoubtedly the great feature of the war, and has opened the eyes of military students to the extraordinary nature of rail-power and the *rôle* it is now destined to play in the future history of Asia. Nothing, not even sea-power, can afford to ignore this latest and most startling demonstration of purely land-strength ; for there can now be no doubt that had the war continued, the Siberian railway would have permitted Russia within an additional six months to have assembled an overwhelming numerical superiority in the field that no amount of valour, cunning and determination on the part of the Japanese could have nullified. Six months' more war would have meant, according to the calculations of the commissariat staff, that the ration strength of the Manchurian forces would have been raised to 1,700,000 men, and the problem which the Harbin headquarters' staff had actually begun to work out in the last days of the war was whether the proper and methodical feeding of such a great force was a military possibility. The balance of expert opinion, with the experience of a year and a half behind it, was strongly in an affirmative, and presently the line of reasoning and the calculations which permitted

such a view to be taken will be duly set forth. For the moment it is necessary to say a few words on the actual working results of the railway.

The outbreak of war found both the Siberian and Manchurian railways admittedly in a bad state to deal with the serious work which confronted them. Both railways, although purely strategic in conception, had in the first instance been planned on a false scale owing to the serious mistakes made by the Russian Far Eastern agents in their calculations regarding Japan's military strength. It is not too much to say that a number of facts patent to civilian observers had been ignored or only superficially understood by Russian military experts. Mistakes were not only made concerning the number of men Japan could actually place in the field; nor yet did they extend merely to a non-appreciation of the wonderful flexibility of her apparently limited and rigid military system. They comprised, for instance, a culpable vagueness regarding the re-armament and consequent improvement of the Japanese artillery during the year 1901. It was held that Japan could only place 250,000 efficient soldiers in the field, and that her artillery parks, even for such a relatively small body of men, would be proved inadequate and defective. When it became clear that this estimated number of men was being slowly trebled and even quadrupled, and that the artillery had been most secretly and expeditiously improved, the call on the Russian railways immediately began; and thus from an early stage in the war to the very

last days, the strain which was put on the railway was immense. For the number of trains which could be handled at the beginning was only twelve a day, or six in each direction, owing to the non-completion of a number of things which should have been finished long before Russia's military advisers permitted an appeal to arms to be made. During the first six months of the war an energetic treatment of the situation by Prince Khilkoff brought about a perceptible improvement; and at the time the battles of Liaoyang and Shaho were fought, the traffic passing over the Siberian and Manchurian lines mounted to nine trains a day in each direction, or eighteen in all. The laying of new sidings and crossing-stations was methodically pursued during the whole of the latter half of 1904, and the Circum-Baikal railway pushed on and completed with such energetic haste that by the beginning of 1905 such an improvement had taken place that the number of trains had risen to twelve in each direction daily. Three months later the number had been further increased to fourteen per diem, and by May and June the maximum was attained. Thirty-two trains, or sixteen in each direction, were theoretically handled over the whole length of the Trans-Siberian railway every twenty-four hours, although there was constant irregularity owing to congestion. On some sections nineteen trains in each direction were actually managed for short periods; but this result was only obtained where the economic conditions were exceptionally favourable, and was found

harmful in the long run. Sixteen pairs of trains was the reasonable maximum. It is curious, looking at such results, to remember the constant and unreasonable scepticism of expert military opinion during the war regarding the possibilities of the Siberian railway. It is a well-known railway axiom that, given the necessary economic and other conditions, it is possible for any single track to handle twenty trains a day in each direction, provided an average speed of ten miles an hour is maintained and that crossing stations are established at every five-mile point. In the United States much more remarkable results are obtained in iron-ore districts by the so-called "string method," where trains are dispatched with only a three minutes' interval between each; the constant flow is consequently so enormous that practically limitless quantities of material can be dealt with. Such a policy, although it was adopted on several occasions on the Manchurian section, was not possible in the case of the whole of the Siberian railway. It was necessary above all for the railway authorities to avoid congestion—a danger which might have brought about most disastrous results. Having this point always in view, the Russian engineers at first disregarded the question of speed entirely, and sought to secure only that the arrival of trains in Harbin should be unending and regular, and that the return flow of empty trucks should be just as perfect. It is not surprising, then, to find that at one time the average distance covered per twenty-four hours by troop-trains and supply-trains

fell as low as one hundred and seventy-six versts, —a speed, including stoppages, of only seven and a half versts, or, say, five miles an hour. This state of affairs, which made it necessary for six weeks to be consumed on the road between European Russia and Harbin, was eventually remedied, and the average speed of all trains raised to upwards of eight miles an hour. A further improvement would doubtless have come had the war continued, for the Siberian and Manchurian railway staffs had at length quite settled down to work, and were handling with ever greater ease a traffic which they would have considered an impossibility in the days before the war. The addition of crossing stations and sidings, the building of water towers, the accumulation of fuel reserves at the necessary points, the improvisation of repair shops—all these were proceeding methodically according to the plan laid down by Prince Khilkoff, the masterly Minister of Communications, who is spoken of to-day in terms of amazement by every Russian railway engineer in Manchuria.

As has been said, however, the lack of facilities for handling a heavy traffic was, in the first instance, very marked. The stations in Manchuria west of Harbin were nearly all thirty versts, or nineteen miles, apart; and although in Siberia this distance fell to twenty versts (say thirteen miles) and even less in sections running through well-developed country, it may be said that before the war the average space between consecutive stations from Chelia-

binsk to Harbin was nineteen miles. The first corrective measures took the form of establishing a sub-station or crossing station between every pair of original stations. As soon as the Circum-Baikal railway had been thrown open to traffic and the railway staffs completely reorganised, these extra facilities permitted the scheme of sixteen pairs of trains a day to be adopted and speedily put into operation. The extension of sidings and the diversion of more and more locomotives and rolling-stock from European Russia for this special war work allowed the loads of trains arriving at Harbin to be further increased some fifty per cent. by giving two locomotives to every train. The standard Russian goods locomotive was a sixty-ton engine, hauling as a full load forty covered goods-waggon of the old model, each waggon having a capacity of 750 *poods*; in English figures this means forty waggon of a twelve-ton capacity each (sixty-two *poods* to the long ton). Thus the Russian supply train hauled by one locomotive brought theoretically 480 tons dead-weight to the front; with two locomotives the load was increased to 720 tons. To allow for underloading, the single locomotive supply train was calculated by the staff to bring approximately a minimum of 600 tons. But the passenger locomotives, a large number of which were diverted for this war work owing to the unavoidable shortage in goods locomotives, were somewhat more powerful, being of eighty tons' weight and able to haul, at a maximum speed, of

forty-five versts an hour, twenty eight-wheel passenger coaches. A single passenger locomotive was therefore almost able to do the work of two ordinary goods engines; and as there was a large and constantly growing number of new standard trucks being brought into service—having a gross capacity of from 1,000 to 1,500 *poods* (say from fifteen to twenty tons)—an attempt was made to divide up locomotive work on a common-sense basis, and to fix a standard for the dead-weight to be carried by each supply train. In fact the whole of the Siberian and Manchurian railways, with all their resources, were at last scheduled simply as a military transport agency, and everything became subordinated to the one idea, the feeding of the war. The great distances, however, and the enormous number of trucks which were requisitioned—upwards of 60,000 being finally in use—made this a work of immense difficulty. In spite of all efforts to keep rolling-stock in movement and to avoid the ever-threatened congestion, it was at last found necessary to break up old waggons that had travelled as far as Manchuria and to ship home the steel parts whenever they were worth keeping. All efforts were made to keep every class of rolling stock within the numbers which had been laid down by the Ministry of Communications as the greatest which could be spared from the home system without paralysing the immense transportation work which goes on in the agricultural provinces of Russia after the harvests; but it was found that large

quantities of rolling stock were lost by wastage, and that for every 10,000 men that were despatched to the Far East, a large increase in the numbers of waggons left on the Siberian railway was inevitable. Sidings could not be cleared, and for many months after the war dozens of miles of trucks remained stranded between Cheliabinsk and Harbin. Fortunately about five hundred locomotives and thirty thousand trucks and carriages can be built every year in the Russian Government works, and more than half a million railway employees are actually found on the Government lists. Yet in spite of these formidable figures and of the immense sources of Russian reserve strength, the fact that twenty-five per cent. of the quarter of a million goods-waggons of the Russian Government system were actually being used for the prosecution of the war, made it clearly apparent, late in the summer of 1905, that the unending military activity of the Siberian and Manchurian railways had begun to influence adversely the whole economic life of European Russia by diverting the major part of the railway energy of the country to purely warlike uses. How long could this policy have been continued? Could the Siberian railway have borne any additional strain? And what was the maximum amount of work it was capable of performing? These are some of the questions which to-day attract attention in Manchuria. They cannot of course be answered satisfactorily or finally, since that can be achieved only by experiment and practice, and not by theory ;

but a general survey of the various considerations may perhaps be ventured. In the first place the Russian Government, on the advice of the railway authorities, had absolutely determined completely to monopolise the Trans-Ural railway system for military purposes, and to make the entire train service a purely military one. Thus the civilian inhabitants of the whole of Siberia, had the war continued, would have been forced to rely on the old post-roads—as they had to do ten or twelve years ago—for all communication with the outer world. This policy, had it been carried into effect, would have given the military authorities two or three more trains in each direction every twenty-four hours, since at least two trains a day remained to the end of the war set aside for civilian and railway service requirements; and by adding another 400 locomotives and another 12,000 trucks to the Siberian railway, it would have been possible to standardise each supply-train into a double-locomotive train of sixty waggons carrying a minimum dead-weight of 600 tons, or a largely increased number of infantry, cavalry, and artillery. But much more could not have been done, owing to the unsatisfactory economic conditions prevailing in many sections of the railway—at one place there was a lack of water, at another a lack of fuel, at a third a lack of repair shops, and so on. Still, a plan was actually in course of preparation to add a large number of new crossing stations, which in turn might have permitted an increased train-service. But it is extremely doubtful if this enormous work

could have been carried to a successful conclusion in less than twelve months; and by that time, had the war continued, decisive results would already have been arrived at on the Manchurian battlefields. The fact, however, must never be lost sight of, that once the final Russian re-inforcements, approximately from half a million to three-quarters of a million men, had been conveyed to the front—an operation which could have been successfully completed in six months by despatching eight troop-trains eastward every twenty-four hours—almost the entire strength of the railway could have been devoted to supply work; and bearing in mind the local Manchurian food supplies, it is not too optimistic to believe that sixteen double trains would have been ample for that duty. Indeed, it is now believed that this service could have kept well found in every particular an army possessing an approximate ration-strength of two million men. That is to say, Russia could actually have waged war on a scale double the size of the maximum actually obtained. When it is remembered that nearly a million Japanese were almost entirely supplied by a narrow-gauge system running eighteen trains in each direction every twenty-four hours, and that these trains were only composed of eight-ton trucks, with a maximum to each train of sixty trucks (say three hundred and sixty tons per train-load), it will be understood that the Russian broad-gauge system, giving alone an immediate advantage of a forty per cent. greater capacity, and the enormous Russian superiority in

army reserves, must have meant in the end that Japan could have been crushed or forced to an absolute and acknowledged *impasse* by sheer weight of numbers and nothing else. For there can be little doubt that the Russian system could have succeeded in transporting two million men to the front, and could then have been able to furnish them with 8,000 tons of dead-weight of supplies during every twenty-four hours. No such extraordinary results could ever have been accomplished by Japan, for during the war Japan was still only a pupil in railway matters. The praise of the railway as an engine of war merits to be written in the Russian tongue.

Little less remarkable than her railway performance was Russia's hospital performance centering at Harbin. In the early stages of the war the sufferings of the wounded, owing to lack of proper facilities and the defective organisation of base hospitals, provoked immense indignation amongst both officers and men of the Russian army, and led almost immediately to a vast improvement. The area now known as Hospital Town in Harbin was then set apart, and the construction of permanent hospitals was methodically begun on an enormous scale. By the time the battles of Liaoyang and Shaho were fought a number of patent German transportable hospitals of asbestos had been erected ; by the time the battle of Moukden was fought, the whole of the Harbin Gospital-Gorodok was complete ; and after this battle some 60,000 wounded

and sick men were quickly passed through this giant hospital without confusion or strain. The methods pursued in this matter were identical to those followed on the railway. Every effort was constantly made to avoid congestion—to have the channel always free—and to entrain all suffering men as soon as they could be moved. In this work the proximity of the Primorsk, or the Pacific province, and the Trans-Baikal territory was most useful. As soon as they had been sufficiently treated, the wounded were sent off in thousands to hospitals established in centres along the Ussuri railway, whilst others were despatched westwards to China in Transbaikalia, where ample facilities existed, and even as far as Irkutsk, where any number of invalids could be received. The Harbin hospitals were therefore constantly cleared and constantly available for fresh armies of wounded. Just before peace was concluded, it was authoritatively stated that, together with the emergency hospitals at the front, 90,000 wounded men could have been handled without delay. The immense scale of everything in these Harbin hospitals has to be seen to be properly grasped; nothing before has ever been attempted on such a basis, and compared to them the hospital results of campaigns such as that in South Africa fade into insignificance.

Yet the Russian army, unlike that of the Japanese, where such immense care was taken for the prevention of disease, was practically left to shift for itself in sanitary matters when in the

field ; but by one of those curious ironies of fate, the Russian ranks were almost entirely free from disease when tens of thousands of Japanese were being sent home suffering from that grievous complaint called *kakke*, or *beri-beri*. The full Russian hospital statistics are not yet complete, and are not likely to be for some time to come ; but a cursory inspection of the Harbin hospital returns reveals the fact that except for venereal complaints and a few thousand fever cases, there was relatively speaking no sickness of any consequence in the Russian army during the whole war. This speaks volumes for the physique of the rank and file, which is indeed well-known among all the armies of the Powers to be the best in the world ; for it is safe to say that no other European army would have been able to bear the hardships inseparable from campaigning in a country like Manchuria, where there are such extremes of temperature, without a fearful sick list. The recoveries from gunshot wounds were also a remarkable feature. The returns go to show that fully sixty per cent. of the wounded were able to rejoin the ranks well within six weeks, and that only twenty per cent. had to be sent home, crippled, to be discharged. The Japanese rifle is now pronounced by Russian surgeons to be an absolute failure, and all wounds inflicted at any, excepting the closest, ranges were so easily treated that a complete cure was always certain once the patient had been safely brought to the base hospitals. In fact, the Japanese rifle has now been nicknamed

the "Kill or Cure Rifle"! More dangerous were the shell wounds, for the Shimose bursting charges which were used were so powerful that the steel shell-cases were shattered into thousands of fragments, dozens of which might be found in the body of a single man. Yet with all this, there is now no reason to doubt the Russian statement that on the whole the Japanese casualties were the greater; the proportion of Russian killed to the Russian wounded is probably largely responsible for the idea that the Russian losses so greatly exceeded those of the Japanese. But the Russian proportions were different to the Japanese on all questions; indeed, it is necessary to consider everything on the Russian side from a different point of view. The Russian army was an army of roysterers, if ever there was one; a discontented, drink-loving, virile, healthy mass of men whose strength lay chiefly in their extraordinary animal health, and whose weakness sprang mainly from a complete lack of education of any kind. Yet it was a great army, and might have proved itself even greater had Linievitch been allowed to stake everything on another throw.

Russians are after all Russians and nothing else; but admitting that much of their strength, and much of the real genius which so many of them possess, tends to be frittered away because of racial non-chalance and sloth, the fact will always remain that in latent strength and reserves of men and materials their superiority is so vast that no one in the world can afford to ignore them or their future. Harbin,

a town which grew up like a mushroom, in the end did far more for the Russian cause than constant efficiency from the very beginning might have done for a Power of limited strength. Here in this lonely town were stored or were quickly accumulated such masses of energy, materials, and men that with all the world on the side of the Japanese and the money-bags of Europe held wide open to them, an absolute stalemate in the field was quickly reached, although everything in the first instance had been in favour of an overwhelming Japanese victory and an overwhelming Russian collapse. It is well to ponder over these facts and to attempt to understand something of their future meaning; for the key to the peace of East Asia still lies, as it always has lain, north of the fortieth parallel. The moral of Harbin is an extraordinary one, and the more it is realised the more patent does it become that no conclusive decision has yet been arrived at. The Russian behemoth is just as unconquerable as it ever was; and Asia does not contain in all its hundreds of millions more than a fraction of the vital force necessary to subdue it.

CHAPTER VIII

WESTERN MANCHURIA

THE Manchurian post-train, or daily service train, now guaranteed to steam thirty-two versts every sixty minutes and to average, including all stops and delays, the fair speed of twenty-two and a half versts an hour, snorts at the great Harbin station preparatory to starting. And the first bell having clanged once, and the second bell twice, and the third bell thrice, a few last hasty embraces are exchanged. The time has certainly arrived when the train will move forward—in a few minutes—and therefore prepare yourselves with hearty, resounding good-byes for your departure. Russian trains, however, are dignified creatures with a proper sense of the immense distances which they continually cover, and they can surely never become mere hissing, spitting things chained to time-tables, and released by a wave of an anxious station-master's hand for a mad dash over a specific distance in a rigidly specified time. Rather are they like camels, who, having eaten their fill of wood and water, peacefully

move forward through deserts that were entirely unconquered by the science of man only a few years ago. Perhaps it is meet and proper, then, that the warning bells should clang without too much meaning, except such as may be conveyed by the slow echoes so soon lost in the huge expanse of station. Well do we, who are now accustomed to the habit of your music and have analysed somewhat the genius of your composers, know that there is always time for another glass of tea even after our departure has been finally announced!

Seats, however, are at a premium, if you are westward bound. For the Harbin military evacuation having been completed, the civilian exodus has commenced; and all those good people, who are the necessary complement to a great Russian military base, having become somewhat tired of waiting for the millennium and its commercial boom, are now moving gruntingly homewards. They have borne the hardships of a campaign with gaiety, and in fact do not hesitate to say that they want them again; and now they are morosely returning in great bands to their ancestral homes in south-eastern Europe, fully convinced that there is something radically wrong in the feminine variability of Government policies, and that this Manchuria is really after all a tedious and tiresome country. They return home, then, with their many doubtful-looking bundles; they crush in upon the inquiring traveller with their scent-laden persons; they make

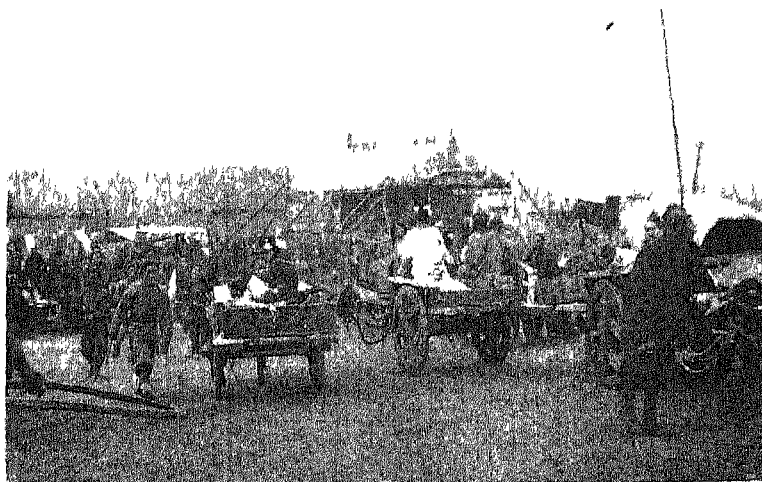
the carriage resound with their acrid laments at the narrow space provided. Soon distance will assert its mastery, and they must all be impressed, no matter how limited their understanding, with the immensity of the uncompleted and defeated programme. In twenty-four hours they will all have lapsed to the state of insignificance which springs from the fact that they form part of a lusty yet ignorant population amounting only, even in the twentieth century, to seven persons per square verst in the greatest unbroken stretch of empire the world has ever known.

Thus moralising, you have crossed the great steel bridge over the Sungari River, which was such a precious link in the long chain during the war, and now, apparently leaving all civilisation behind, you are progressing methodically over an endless steppe made dreary by the dull autumn tints. Here the country is very different from Eastern Manchuria and the section between the Pacific province and Harbin : it is absolutely flat and sad of aspect ; Russian railway settlements are of the most meagre sort ; and the railway guards are grouped in smaller detachments. It is true that there are the same innumerable watch-towers with their curious signal beacons of twisted straw and twigs piled high as in mediæval times, kept ever ready to flash the alarm whenever a *hunghutzu* attack develops itself. Between Harbin and the Transbaikalian frontier there are no less than 876 versts, or 580 miles—the distance as the crow

flies between Paris and Berlin ; and although there are some fifty stations and sidings in this section, these merely serve by their momentary animation to emphasise the fact that the third of these great Manchurian provinces—the province of Heilungchiang—is only just emerging from the wild state in which it has remained ever since Genghiz Khan—reputed to have been born in the Kinghan mountains—swept out the country with every Tartar capable of bearing arms eight centuries ago. The real re-conquest of the country is not being effected by the Russian railway for the benefit of Russians, but is slowly being brought about by the indirect agency of that railway for the direct benefit of the Chinese—a very different thing. Three years ago, before the war, Chinese cultivation began to cease twenty or thirty miles immediately west of the Sungari river. It continued, it is true, in patches for some miles farther on ; but these patches belonged to squatters who were just beginning to come into the country ; and Chinese villages, those signs that immovable ancestor-making of the type so abundant in the eighteen home provinces is about to commence, had quite ceased. This condition of things is already completely changed. In three years the cultivated belt has been advanced many miles, and is still every month progressing farther and farther to the west. The Tartar General at Tsitsihar, the nominal ruler of these 140,000 square miles of province, an area many times as great as England,



A PARTY OF OLD TYPE MANCHUKIAN SOLDIERS IN HIFUNGCHIANG PROVINCE



A MANCHURIAN FAIR AND TRAVELLING THEATRE

has been aiding this work to the best of his ability. During the past year his deputies have been continually sent into the thickly populated portions of Kirin province, and have already induced many thousand Chinese families to emigrate *en masse* to the country west of the Sungari. This policy will be steadily persisted in—it is the only step the Chinese can take; and although funds are unfortunately not sufficient to permit of hundreds of thousands of people being systematically brought in from the densely-populated provinces of North China, as should be done, Kirin province will be drawn on by Heilungchiang year by year in a constant effort to populate—and therefore to regain—an untamed territory. In the train I found a most intelligent Chinese bannerman in the employ of this Tsitsihar General, who showed from his conversation that the question of populating the country as a weapon against assimilation is perfectly well understood by the Chinese authorities; only the eternal want of money has prevented the taking of proper wholesale measures. This official deplored again and again the lack of funds, and the not less constant lack of good men, needed to create the New China where the New China is so needed, if outlying territory is not to be ultimately lost. But, he asked of me, what could actually be done? Every Chinese now understands perfectly well the inner aspect of the Manchurian question; but the weakness of the Central Government ever since the Japanese war of 1894, a weakness which has driven them from

one *pis-aller* to another, and the fact that each provincial magnate has hitherto been practically left to work out by himself the best solution he can in his own sphere, quite unaided by the Throne—these things are responsible for the lugubrious state of affairs to-day. As I gazed around in the train and watched the flood of better-class but dull-headed and uneducated Russian camp-followers clumsily and unendingly moving down the corridors, it seemed doubly curious that a nation like the Chinese, boasting of thousands and tens of thousands of educated men, the intellectual superiors of all but the keenest European brains—for many Chinese can be intensely clever—should be reduced to a state of bondage very similar to that imposed by Austria on Northern Italy for so many years. Man for man, in the class room, in the industrial field, and indeed on every kind of ground, observers are never tired of saying that the Chinese can hold their own against all comers. Yet, as a nation, four hundred millions of them have for so long been a negligible quantity that only European rivalry, and much Anglo-Saxon altruism added thereto, has kept them from sharing the fate of the Poles. For there is no gainsaying the fact that Manchuria—a country hardly inferior to France and Germany in territorial expanse—has yet to be freed from foreign control; and therefore the late war, from the strictly Chinese point of view, is looked upon as an almost complete failure. As you travel through the province of Heilungchiang and realise that as soon as you have

left the cultivated belt behind, the railway, and the railway alone, still dominates the country, for the simple reason that it is the only living thing, and that the Chinese colonisation is merely beginning to come, you fully grasp how vain it is to hope that a campaign fought in Fengtien province, a region as many hundreds of miles away as Sedan is from Austria, should materially help in the solution of the great question of what is to become of a belt of territory which, because it lies between Transbaikalia and the Primorsk, must remain threatened until it is full of men and possesses a powerful and efficient army. Until, then, the northern province of Heilungchiang has a Chinese population of at least twenty millions—it has now hardly three—and until one per cent. of the inhabitants has been trained to bear arms, it will be a hostage in the hands of the controlling Power, although that Power's only claim to control is based on one of the most evanescent things in the world—militarism. Before such a Chinese population can be hoped for, even with wholesale colonisation, at least fifteen or twenty years must elapse; and in that interval anything can happen.

In the meantime, however, you are going steadily on in your camel-like train, which, though slow, is indirectly so masterful; and you are now plodding through vast arid stretches of land which never seem to end, and which once served as trysting places for the hordes of Genghiz Khan and other earlier Tartar conquerors. No sooner have you

left behind each little station-oasis with its fictitious activity, than the train and those glistening ribbons of steel which have been stretched by the genius of man so cunningly that in political documents they have the aspect of chains, remain the only things. There is nothing else excepting immensity, making the cup-shaped earth meet the lowering horizon everlastingly without a single break—an immensity which, if long contemplated, soon crushes you down with a sense of man's ant-like insignificance.

The station names—ill-transliterated, but not so ill as many others, since here they are dissyllabic Mongol names and not clean-cut monosyllabic Chinese words—stand out, too, somewhat romantically, and give the wilderness a special character. Agneda, Sartou, Tsitsihar, Boukhedou—these are the names of old Mongol camel-caravan halting places; whilst farther on, near Transbaikalia, the sidings near those dismal, tideless stagnant sheets of water, which Sven Hedin might have re-discovered for all our accurate knowledge of them, have names such as Chata-nor, Kuku-nor, Dalai-nor, which speak even more eloquently of an unknown past shrouded in the desert dusts, which have been so easily and so deeply piled above all memories by the action of the elements. The geography of a country makes its politics; and here everything is proclaimed as belonging to the distant past or the distant future.

Two hundred and fifty-three versts of this travelling brings one from Harbin to Tsitsihar, the

provincial capital of Heilungchiang; and for a moment the desolate impressions of a few hours before disappear. For the station of Tsitsihar, which lies a few miles away from the only important town of this untamed region, has grown very considerably of late, and is now a goods depôt of much importance, which must develop year by year. The Chinese crowds, which have been so thin for many miles past, once more reappear, and there is concrete proof that this animation has been brought about directly by the railway, and by no other agency, for the sidings are crowded with goods-waggons, and hundreds of coolies are loading and unloading. Until 1900 and the Boxer business, Tsitsihar was simply a rather insignificant provincial capital, which, because it was the seat of a Manchu official—a Tartar General—having equal rank to a Chinese Viceroy, had slowly gathered a trading population. But that population was then not more than twenty or thirty thousand; now it is believed to be at least one hundred thousand, and to be growing monthly. The spread of agriculture all along that Sungari affluent, the Nonni river, which flows past Tsitsihar and places the town in direct communication with Harbin, Petuna, Kirin City, and a number of other important trading points in Kirin province, many hundreds of miles distant, has also had at last a most important economic effect in conjunction with the railway. For although there is a great desert blank along much of the railway track, going back due east from here,

far south of the line—that is, in the Mongolian-Manchurian neutral grass-lands—Chinese agriculture has been advancing with rapid strides, and soon the Nonni belt will be linked up with the centres of the province. All the rich grass-land is being rapidly taken up by Chinese settlers, and so amazingly and so quietly has this natural movement been going on that there is no doubt that, to the south-east of Tsitsihar—between the Gobi Desert and Central Manchuria—a new Chinese province is being slowly formed, which will soon have to receive official recognition. This will ultimately mean that the hitherto distant and almost inaccessible province of Heilungchiang will be bounded on the south by a Chinese cultivated zone possessing a population of many millions, instead of being hedged in by more waste land inhabited by nomad Mongols and their flocks and herds. This fact may have much importance in the future, if the present movement prove continuous; it is, therefore, worthy of special comment. For already the last remaining vestiges of old Heilungchiang are disappearing, and are being replaced by the signs of China proper. It must be well understood that when the Manchus came to the Peking throne in 1644 they laid no claim to this territory, except in the manner which was then the fashion all over the world. That is, being all-powerful in China, the Manchus claimed the suzerainty of everything lying round the confines of the old Empire which they had just conquered. At various times during the seventeenth century,

whilst they were consolidating their Peking power, the Manchus, as is well known, sent great armed expeditions over the China borders to the north into Mongolia, to the west into Central Asia, even as far as Nepaul, and to the south into Indo-China and Burmah, in order to assert this vague suzerainty. In time certain practices grew up which confirmed the Peking pretensions; and the regular despatch of tribute from the adjacent princedoms or kingdoms as a testimony of their submission was accompanied by the periodic departure of Manchu-Chinese commissions to investigate the conditions of the neighbouring territories, and to fill with awe the courts of humbler monarchs.

In the case of Heilungchiang, there were at first absolutely no relations between the Manchu court at Peking and the Tartar tribes, who thinly populated some of the more fertile lands of these regions three hundred years ago. The most northerly command in Manchuria was in those days at Ninguta, itself originally a frontier post of the small Manchu Empire founded by Nurhachu at the close of the fifteenth century. The original Manchu Empire was nothing but a poor yet ambitious principality in the mountains and hills, a baby "Empire" extending from such little Manchu walled villages as Ninguta and Omoso down to big captured cities, such as Liaoyang in Southern Manchuria. The Manchus were then merely uncouth mountaineers of Tungus-Turanian stock, who, because of their military virtues and

their alliance with warlike Mongols, were able, when the great decay had set in in China during the declining years of the Ming dynasty, to translate themselves as an all-conquering horde to Peking—the Mecca of Eastern Asia. There they permitted themselves to be thoroughly civilised by the Chinese, and by this astute step cemented their hold on what was then the richest homogeneous empire in the world. For years they were too busy to think much of the Manchuria which they had so lightly abandoned in pursuit of their greater ambition, and such officers as the frontier General at Ninguta and his colleagues must have contented themselves with simply exacting tribute from all those semi-savage nomad tribes which their mounted expeditions could reach. This tribute was mainly paid in sables and other precious skins, which were greatly valued by the Manchus; and so it may be supposed that in their desire to please their Peking masters, the Manchurian frontier officials in those old days despatched their expeditions ever farther and farther afield. In this way they probably reached not only Heilungchiang but also the then unknown Trans-Amur territories, and steadily extended the tribute-paying area from year to year. They experienced no difficulty or resistance in carrying out such a policy, because all the people they came across were consanguineous. Tribes such as the Daurians, Solons, and Fish-skin Tartars, are indeed nothing but branches of the curious Manchu family, and speak languages which, as

venturesome Jesuits proved many decades ago, are mere Manchu *patois*, as similar to the former Moukden Manchu as the old *provençal* was to polite French. The Manchus were, therefore, no *conquistadores* of these lands. They were simply suzerains who demanded tribute from their weaker neighbours, because that was the ancient method of enforcing fealty.

It was the seventeenth century Russian advance which made the Manchus change their *rôle*. As is well known, the Russians under Yermak crossed the Urals towards the end of the fifteenth century. In 1587 Tobolsk was founded; in 1604 Tomsk; in 1619 Yeneseisk; in 1638 Okhotsk on the Pacific Ocean. Thus in a century and a half the entire vast country from the Ural to the Pacific, a sheer 6,000 miles, had been overrun and partly subjugated by daring Cossacks. But the Russians had moved eastwards far to the north of the Amur, and the Yablonoi and Stanovoi mountains interposed impenetrable barriers between their settlements and those of their nearest civilised neighbours. Divided, then, merely by a thousand miles of inhospitable country, the Russians in the north and the Manchus in the south were in the seventeenth century following the chase, levying tribute and laying the foundations of empire, each race knowing nothing of the other's existence. Little could they have dreamed that their irresistible gravitation towards one another was three centuries later to provoke a great world-problem in which almost every

great nation must sooner or later be indirectly involved.

For the gravitation soon began. The inhabitants of the rising town of Yakutsk, engaged in the great Moscow fur-trade, soon heard reports from the aboriginal reindeer Tungus and other indigenous peoples, whom they had gradually subjugated, of semi-civilised races dwelling far to the south, races who tilled the soil and bartered in silver and gold, and who therefore possessed much magnetism for civilised adventurers. Cossack expeditions were organised to go in quest of this El Dorado, and in 1643, after suffering great hardships, the first band of Russian adventurers actually reached the Amur river and discovered Daurian villages—exactly one year before the Manchus ascended the Peking throne. But owing to the hardships and the natural difficulties encountered nothing much was done by the first comers. Had they boldly hoisted their flag the land would have been theirs, and half Manchuria would have been Russian for all time.

Seven years later, however, the movement began anew. Khabarof, a wealthy Siberian, whose name has been rightly preserved in the capital of the Amur, heard that the true route to these southerly and therefore desirable regions was through the Trans-Baikal territories; and on his promising to send back to Yakutsk all the tribute in furs which he might collect, numerous Cossacks were placed at his disposal. In 1651, after preliminary recon-

naissances during the previous year, he reached the Amur and began to descend it in rude barges. The Daurians, already alarmed by the first comers, attempted resistance, and heavy fighting resulted, in which the Cossacks were constantly victorious, and the terrified inhabitants were induced to swear allegiance to the Czar. Fifty tribute-collecting Manchu horsemen appeared on the scene at this critical juncture—the first meeting of the Manchu and the Muscovite. The rivals to the overlordship instinctively exchanged blows; the Manchu horsemen were worsted and fled south bearing absolute tidings of this dangerous Cossack activity, about which much had already been rumoured. Peking now quickly decided on action, and Manchu forces, mobilised at Ninguta, were slowly set on march for the Amur, with the result that in the spring of 1652 a severe conflict was fought near the mouth of the Sungari, in which the Cossacks were again victorious. Year after year this curious frontier contest was continued with such forces as could be collected together in such lonely regions, but no decisive result was reached. Yet Cossack posts and forts were slowly built on the Amur, and the upper waters of the two great rivers—the Argun and the Shilka—gradually fell unmistakably into Russian hands owing to the settlement of Transbaikalia.

In 1671, the Manchus, thoroughly alarmed at this movement, which was so insidious and which refused to be arrested, at last organised Heilung-

chiang as a separate Manchurian province. They obtained the formal submission of the native tribes and began to establish themselves as the *de facto* rulers. A large force was despatched to Aigun on the upper Amur, and by systematic action from this base during the next few years all Russian posts on the lower river were burned and destroyed. By 1683 only a single Russian settlement remained—the historic stockaded town of Albazin, a few dozen miles above Aigun—and round this entrenched Cossack position the last acts of the seventeenth century contest were played. Albazin was fitfully besieged by Manchu forces; it succumbed, but was retaken and rebuilt by the Cossacks; and finally its fate was inexorably sealed by diplomacy.

The ever increasing frontier complications made it appear desirable both to Moscow and Peking to arrange definitely the frontier of the two Empires so as to stop these constant disputes, and after various *pourparlers* Russian and Chinese plenipotentiaries met in 1689 at Nerchinsk, on the banks of the Shilka, to draw up a final treaty. The outcome as regards Russia was the Portsmouth Treaty of the seventeenth century; the Amur adventure was entirely disavowed, the Cossacks were all withdrawn, and in the Nerchinsk instrument the Stanovoi mountains practically became the southernmost boundary of the Asiatic Empire of the Czar of Muscovy. Although Transbaikalia with its Buriat Mongol tribes remained Russian, it will be seen that the Chinese had won all along the line, for

the Amur had been successfully isolated, and the Manchu frontier officials could settle down to sleep once more after half a century of extreme anxiety. In the preamble of that now forgotten Nerchinsk Treaty, phrases occur which are of some interest to-day in Southern as well as Northern Manchuria. The preamble runs: "In order to suppress the insolence of certain rascals who cross the frontier to hunt, plunder and kill, and who give rise to much trouble and disturbance; to determine clearly and distinctly the boundary lines between the two Empires of China and Muscovy; and lastly to establish peace and good understanding in the future, the following Articles are mutually agreed upon." And in the Articles which follow, the evacuation of the Amur territories is laid down in terms open to no misconstruction. In those days there were no railways.

It must now be clear that during the next few years a second Nerchinsk instrument will become necessary, a treaty applying to the south as well as to the north; for it must be beyond controversy that until China has obtained the entire control of the railway system of Manchuria the nominal military evacuation called for by the Portsmouth Treaty will be entirely unavailing.

Except, however, that they looked upon the sable hunt with envious eyes, and that they had already decided that a policy of isolation would alone secure their position in China, there is no doubt that the Manchus were really completely indifferent about

the Amur and the fate of the Tungus tribes inhabiting those dreary wastes. Heilunchiang was formed into a province simply to serve as a buffer territory. For a century and a half it did serve as such, but in the late 'fifties of the last century Muravieff once more changed the position. After having expended 150 years in consolidating her power in Siberia, Russia once again moved forward down the Amur—tentatively at first—to see what progress had been made and whether it was really possible to establish direct water-communication between the Pacific fishing-settlements of the Okhotsk and Kamschatka shores, and the consolidated Trans-Baikalian and Irkutsk Governments. The advance was made in the guise of exploring expeditions. Muravieff's object, it is important to note, was therefore quite different from that of the seventeenth century Cossack adventurers. These had merely wished for plunder and for expansion because they were land-rovers who had always been in the advance guard of the Muscovite movement; and they moved south because for climate and geographical reasons the natural Russian expansion must always be in that direction, once Asia has been completely crossed. Muravieff's movement was from due west to due east, and was based on purely strategic reasons. It succeeded marvellously because he found all along the great river that the passage of a century and a half had left the Chinese exactly where they were when the Treaty of Nerchinsk had been concluded. No progress had been made at all, and Muravieff

made his first treaty, giving him the left bank of the Amur, solely with the Aigun frontier officials—and not with Peking—on the exact spot from which the movement exterminating the Cossack adventurers of the seventeenth century had been directed. History indeed takes some curious revenges, for in 1900 the Boxers permitted the Russians to do with the Chinese settlements on the Amur exactly as had been done with their own so many decades before. And now the end of the war and the new bustle in China will soon make a fresh decision inevitable between the old actors.

For the same actors are all there precisely as they were two and a half centuries ago. Chinese, Russians, Manchus, and Tartars have hardly changed. The very natives whose appeals for help eventually brought strong Manchu forces into the field in 1650, and thus laid the foundations of the great Russo-Chinese question, are actually to be found to-day living in small communities to the north of Tsitsihar. These aboriginal Tartars, called Daurians or Daurs in Russian reference books, and Ducheri in translations of Chinese texts, are nothing but the Ta-hu-li natives who now live in small villages along the upper reaches of the Nonni. Daurians or Ducheri is merely the incorrect transliteration of the Chinese phonetics Ta-hu-li; and these Ta-hu-li share with the Solon Tartars of Hailar (on the Trans-Baikal frontier), and the Fish-skin Tartars of the lower Sungari, the honour of being the last purely Manchu-speaking peoples in the world. The

Daurians or Ta-hu-li of to-day, numbering only a few thousand, are divided into two tribes or hordes, with their centres at Mergen and Butekha (on the upper Nonni River), and are under the jurisdiction and protection of the Tsitsihar Military Governor. They are known officially as the Muerken and Pute'ha tribes; but apart from the fact that proclamations are posted for their benefit in Manchu script, and that Manchu-speaking officials specially trained for that purpose are in their midst, there is nothing to distinguish them from the new Chinese settlers. An official engaged in the collection of furs, which is still rigidly enforced, stated to me that each tribe furnishes about 12,000 skins a year as tribute for Peking, after which payment they are exempt from further taxation. At the station of Tsitsihar I succeeded in talking to some of these curious lineal descendants of a vanishing race. The men are small but well built; their hands and feet have the true Manchu characteristics—being far smaller and far better shaped than those of the Chinese—whilst the long nose and the rounder eye proclaimed an entirely different ancestry. It was curious that round us as we talked should surge commercial Chinese in their hundreds and Russian soldiers in their dozens. From the struggle between commerce and militarism—each insistent as to its rights—will spring the ultimate and irreversible solution.

Once more, to the musical clanging of bells, the train moves onward slowly and pensively, as if it, a

senseless thing, could grasp the hidden gravity of the country's dilemma and understand the deliberation which is necessary. We crossed the broad, sluggish Nonni River; we lumbered a little faster over the vast wastes which so quickly take the place of the cultivated lands, and soon we discovered the outlying ranges of the Kinghan mountains, which, although they rise to a level of several thousand feet above the sea, have, except in the immediate vicinity of the Amur, only the appearance of rugged hills. These frigid table-lands, in which the mercury can fall as low as sixty-five degrees below zero on the Fahrenheit thermometer, thus recording nearly 100 degrees of frost, are indeed inhospitable and profitless regions, and could never be desired for what they contain.

Near the mountains, on the mountains, across the mountains, there is not a living soul except such people as inhabit the lonely stations. Were it not for the caravan route, which lies not very far from the railway track, the whole country would have been quite unknown up to the time when the Russian engineers commenced their railway surveys. Sometimes, it is true—beyond the mountains, and, therefore, not far from the Russian frontier—rough Chinese, in the company of skin-clad Mongols with clean-shaven pates, stand idly at the stations watching the train; whilst riding camels and carrier camels, these last either attached to long awkward carts or heavily loaded with chests, are halted near by. But generally there is no one in the station bases except-

ing those condemned to such isolated existence. Across the Kinghan mountains it is now almost Mongolia and not Manchuria, and there is nothing to note ; and in this growing loneliness you are glad to pass Hailar, the last Russo-Chinese town of any importance, and to reach Manchuria station, the Transbaikalian frontier-post. Just before this is reached, however, a short branch-line leads to some coal-fields which have been discovered almost on the shores of the Dalai-nor, and which are now producing a poor quality of coal for the railway. Then, almost on the banks of the Aigun river, which forms the boundary line, is Manchuria station ; and abruptly, with an exactly similar landscape before you, you are in the Russian Government of Transbaikalia.

There is nothing to show that there is any difference in the mastership of the soil, except a few typical Russian peasants. The Transbaikalian frontier is a frontier only in name, and for many decades, perhaps even longer, it must remain so. That is, until China has become fully grown or has disappeared.

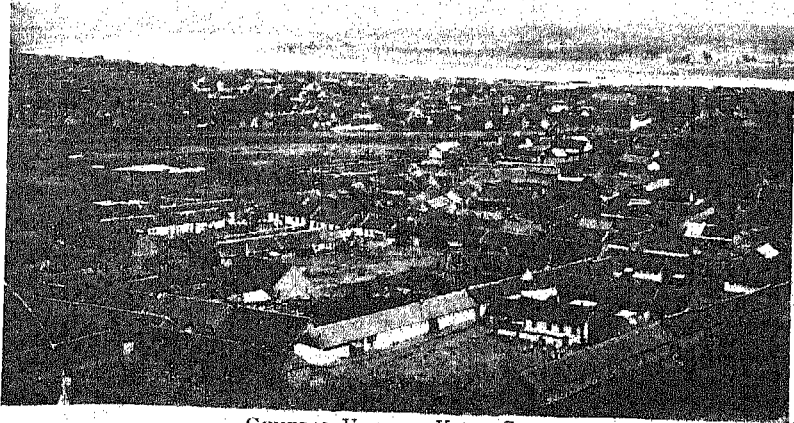
CHAPTER IX

THE FUTURE OF RUSSIAN MANCHURIA

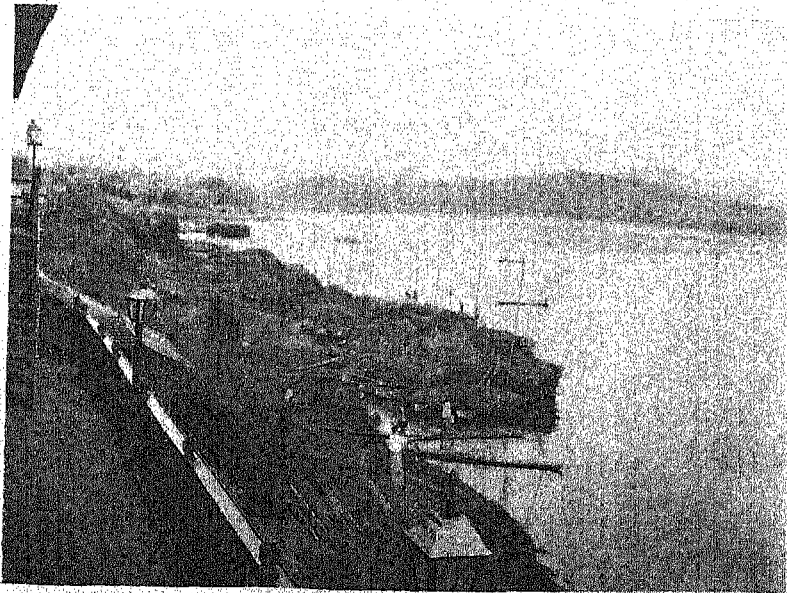
As has already been pointed out, the future of Harbin—to take the particular before the general—must be accounted a somewhat momentous question, not so much for what this strange city is as for what it stands. It is the last citadel of the great Russo-Chinese struggle—the “Manchurian adventure,” as Monsieur de Witte phrased it; it is all that remains of that immense gamble in railways, territories, tens of thousands of men and hundreds of millions of roubles, which has probably no exact parallel in any other period of the world’s history, and which in its old form is now inevitably over and done with. It is the new form which merits consideration. Will Harbin collapse and become only a congeries of decaying townlets on a vast alluvial plain, the chief of a string of Russian railway settlements stretching across Manchuria? Or, on the other hand, will it thrive and possess finally a world-importance in the eyes of those who measure destinies in absolute terms? There seems only one answer; if liberality is to be

the keynote of the new Russian policy and a leaf is to be taken from England's Asiatic history, Harbin and the belt of which it is the central point will thrive greatly and finally possess a world-importance. It is inevitable. Indeed, with Vladivostock, Harbin will now share the strange honour of forming a species of vanguard in a curious warfare which may develop at the least expected moment from the political-commercial stage once again into a bloody military struggle. For the idea that Russia will ever fall back willingly and entirely on what must be her second line of defence—the hinterland of the contact-zone, the Amur and the Amur railway—may be dismissed at once as chimerical, for her withdrawal would only be the signal for a fresh Japanese advance. It has been said of Russia that she only draws back so as to jump better; but it must be remembered that it has never been said of her that she adheres eternally to the "accepted facts" of the diplomats. How can she? The forecasts of Hague Conferences are mere Utopia for the Utopians.

The first thing, then, which it is necessary to realise, is the general excellence of the location of this central town, this *point d'appui*, and the splendid communications which nature and science have together given it. Harbin lies on the right or eastern bank of the Sungari, about 500 miles above the great Manchurian river-mouth, opening into the Amur, and is some 400 miles down-stream from the provincial capital of Kirin province, Kirin City. It is therefore not only the strategic centre between



GENERAL VIEW OF KIRIN CITY.



LOOKING DOWN THE SUNGARI RIVER, FROM KIRIN CITY.

the eastern and western frontiers—it is approximately equidistant from Transbaikalia and the Russian Pacific province—but it is the middle point of a water route running north and south, and therefore linking the line of defence and the first line of communication, the Trans-Manchurian railway, with the second line of defence and the second line of communication, the Amur and the projected Amur railway. That is very important. For apart from the fact that Chinese or Russian enterprise must shortly build branch railways running north and south, which will connect the northern Russian boundary with the Russian-Manchurian railway sphere, it is essential to remember that this amber-coloured Sungari river, which binds the two Pacific coast routes together, is so full of water in spring and summer that it would be possible to sail a shallow-draft vessel straight from the upper Yangtze to the Amur by way of Vladivostock and Nicolaievsk, reaching the Sungari and Harbin in a very few days' steaming. In plain words it is physically possible to travel 3,000 miles by water from the heart of Central China to the heart of Central Manchuria, where Russia is still morally entrenched. Few people have realised that remarkable fact, which may be as important in war as in peace: for if another war arises, waterways in spring and summer will play a part far different from that which they took in 1904–1905.

The second point is this. The Sungari, apart from draining an immense plain, has along its

thousand odd miles of length many important tributaries which make regular water communication possible with very distant points in Central and Northern Manchuria. Chief of these tributaries is the Nonni River, which is actually navigable by small craft four hundred miles above the point where it falls into the Sungari; whilst the rivers Hurka and Tung and a host of lesser streams can be used by junks or small native boats for dozens of miles in many different directions. The Sungari, therefore, although inferior to the Yangtze as a great waterway, drains an area which in square miles cannot be so very much less than the Yangtze drainage-area proper; and when it is mentioned that the thirty million acres of land immediately adjoining the Sungari and its tributaries are of the richest description, it requires no knowledge of agriculture to perceive what the future will bring. As wheat is the principal crop, Manchurian flour, ground by steam-mills, must inevitably supply half the eastern world. Further, Chinese agriculture in Northern Manchuria will soon not be merely confined to winning over to the mattock and the plough the whole of the thirty million acres above mentioned; it will steadily invade the vast area of North-eastern Mongolia—the Inner Mongolia of the geographers—and will bring all the rich grass-country lying to the east of the Gobi desert under painstaking cultivation. Already it is calculated that the Chinese agricultural belt is advancing on the Mongols and their wandering flocks at the rate of

thirty *li* or ten miles a year. In fifteen or twenty years the spade and the mattock will have captured millions of acres and bound them tight to the Chinese system in bounteous crops; and much of the harvest of these fields will be available for export.

Thus a wheat-belt, contemptuous of political and geographical labelling, will grow up in these latitudes to be almost as remarkable as the Canadian North-West or the ever-expanding West Siberian grain districts; and this belt will be exploited in times of stress by those who, without possessing any legitimate right of eminent domain, have their money-bags lying ready and their soldiers in the immediate background. Harbin's railway communications are already so good and complete, and so much superior to those possessed by any other portion of the Chinese Empire, that Nature's gifts will be commanded by that which the science of man has invented. For the time being Russia controls the routes; but Japan is very close and is coming closer every month.

By the Vladivostock route, the sea lies 500 miles away; by the Newchwang route, 400 miles away; and although both Newchwang and Dalny are to be ignored, because they are now reached only by Japanese lines, it needs only an extension of the purely Chinese railway system from Hsinmintun northwards to give Harbin a neutral Chinese ice-free port, such as Chinwangtao, with which to speculate. Until purely Chinese lines are con-

structed in Manchuria, the policy of the Russian railway authorities must be to make Vladivostock the great outlet and inlet of Northern Manchuria, and if possible to crush the Japanese by indifference. Even though commercial treaties may say that the two nations have become friends, the Russian railway tariffs will be adjusted to that end ; and already it has been announced that 20 kopecks a *pod* is the maximum charge to be levied for the Harbin-Vladivostock haul and *vice versa*. And although the railway running westward into Siberia is not going to be neglected, it has already been fully decided that a Chinese *entente cordiale* is what must be really aimed at and fostered at the expense of everything else. The Trans-Manchurian line is to be Russo-Chinese in deed as well as in name. In such circumstances, a great trade will easily grow up, and it is therefore incumbent on everyone to take advantage of the silent rivalry which must rage between the Russian and Japanese railway spheres in Manchuria. Neutral traders and others may profit greatly by rival policies.

The railway authorities are still practically supreme all over Manchuria ; indeed this must be so, since some authority must replace that of the departed military. In Harbin independent Russians even speak bitterly of the "railway-octopus" which dominates their town, a great deal of the country around, and the thousand-mile strip of railway zone. The railway is everything, and now that the war is over and the military have dispersed, the great

railway bureaux resume their old position of absolute masters. Chinese officialdom rules only the agriculturists and nothing more. This is understandable when it is remarked that the railway concession at Harbin alone measures over a hundred square versts, and is so shaped as to comprise all the land on both banks of the Sungari and as much in the immediate proximity of the railway as to make the growth of independent settlements entirely impossible. At every important station, big blocks of land have been pre-empted in the same way by arrangement with the Chinese local officials, and therefore everything is in favour of a supply supremacy which cannot be touched by diplomacy no matter what arguments are used. For so long as the original Russo-Chinese Railway Convention remains in force, Russia is not acting *ultra vires* in insisting on her old privileges; and although it may be contended that it is absurd that she should retain the practical ownership of a hundred square versts of territory in Harbin alone—territory which cost her just four hundred thousand roubles in purchase-money eight or nine years ago and which is now worth a hundred millions—there is no one who can bring arguments to bear which will in any way change the present state of affairs. It is even useful and convenient for Japan; it forms a precedent which she is only too willing to follow.

This Harbin railway land, which has now such great value, may be acquired on special leasing terms from the railway authorities in regular lots,

each measuring 3,600 *sagene*, of which a good number have already been taken up; but the procedure is cumbrous and fitly illustrates the nature of the difficulties which must be overcome before English and Russian ideas find a common meeting ground in other parts of Asia. For instance, anybody may apply for, and be given immediate possession of, a lot of Harbin land on undertaking to pay a ground-rent amounting to fifty kopecks per *sagene* per annum during a period of three years. But here comes the curious point. At the end of the first year, a fresh application must be filed for permission to purchase the leasehold of the occupied lot for the full term of years during which the Russo-Chinese Railway Convention is in force (36 years); and thereupon, if it can be shown that buildings to the value of 50,000 roubles have been erected, or that a business to the value of 50,000 roubles per annum has been created, the applicant is entitled to obtain title-deeds for the whole lot by payment in cash at the rate of ten roubles per *sagene*, or 36,000 roubles for one of the specified lots. It therefore requires at least £8,000 of capital to become a land-owner in Harbin; but the Russian railway authorities are under the impression that the opening of the town to international trade—a step which has already been agreed to—must be followed by the influx of large numbers of individuals who will gladly accept conditions of this nature, and that possibly settlements as distinctive as the Kitai Gorod or "Tartar City of Moscow will in time arise.

Yet, in spite of such delusions, it must not be forgotten that a town which can already grind nearly a thousand million pounds of flour a year and will one day grind very much more, must have international importance. There is practically no limit to the amount of grain which will be available in a very few years, and directly there is such an incentive as an uninterrupted demand for wheat, Chinese agriculture will spread like a prairie fire far into the barren Heilungchiang province and still farther into the grasslands of Mongolia. Wherever there is a demand, it has always been proved that the Chinese will meet it somehow; and the growth of this Manchurian milling industry will bring fresh waves of Chinese men and women in from Chili and Shantung, just as the opening of the Canadian North-West and the growth of the milling industry there has drawn thousands of American farmers across the British-American border.

Russians are alive to this prospect—too much alive, in fact; and like all peoples whose imaginations somewhat exceed their business capacity, they are mentally many years ahead of the times. The favourite topic of the hour is the organisation of a Manchurian Flour Trust, with an indefinite number of millions as capital, which will swamp the whole of Eastern Asia with Manchurian flour and include even such an unpopular country as Japan within its scope. This is the use to which Russia in Manchuria will be put. So far this idea has not been developed very brilliantly or very

profitably ; only about five thousand tons of flour have been shipped out of the country by a syndicate of Harbin millers, and the movement is lagging for want of support. Incidentally it may be remarked that the idea that a huge trade is to grow up in this Harbin staple which will extend all over Eastern Asia is too all-embracing in its comprehensiveness, for the simple reason that Chinese flour, like Chinese rice, may not be exported beyond the confines of the Chinese Empire, except under special Government permits during special periods, and that its movements, even between treaty port and treaty port, have to be safeguarded by special precautions. Therefore Manchurian flour has one field and one field only—the eighteen provinces of China—and even to reach that field by the Vladivostock route special Russo-Chinese Customs arrangements will be necessary. It is true that Article XIV of what are known as the Kiachta Regulations for the land trade between China and Russia—regulations appended to the Russo-Chinese Treaty of 1881, which was entered into when the evacuation of the Turkestan-Chinese province of Ili was agreed to—specifically laid down that “gold and silver ingots, foreign coins, flour of all kinds, &c., &c., will be admitted free of export and import duties.” But it is highly doubtful how far a treaty entered into for the specific purpose of regulating trade on the north-western frontiers of China—*i.e.*, Kuldja, Kashgar, the two slopes of the Tianshan mountains and the Kiachta-Urga traffic—was meant to apply

to the totally new set of conditions brought about by the railway invasion of Manchuria. It is obvious that a new convention is now as necessary as was a commercial treaty in 1881 when the occupation of the Chinese province of Ili—"temporarily occupied since 1871 by the Russian armies," to use the language of the protocol—was finally terminated. If the export of Manchurian flour to the Amur regions is permitted, and the operation of the Kiachta Regulations thus extended, it will be an act of bounty on the part of China, and will not afford a loophole through which the export of Manchurian flour all over the Far East *irrespective of country* can be conducted. In the main, Manchurian trade can only be a China trade and from that point of view alone it should be considered.¹

Here, moreover, the question of price enters into consideration, if that which practically fed a million Russian soldiers is to feed millions of flour-eating Chinese. The tariffs for the various grades of flour milled in Harbin throw some light on this question :—

Quality	o	.....	Roubles	1.70	per	<i>pod</i>	of	36	lbs.
"	No. 1	.....	"	1.55	"	"	"	"	"
"	"	2	.....	"	1.40	"	"	"	"
"	"	3	.....	"	1.30	"	"	"	"
"	"	4	.....	"	1.10	"	"	"	"
Refuse.....			"	.90	"	"	"	"	"

¹ It is now certain that a new Russo-Chinese Commercial Treaty will soon be concluded, and that the Imperial Chinese Maritime Customs (Sir Robert Hart's services) with open customs houses along the frontiers. Customs commissioners are already being appointed.

If we reduce these rates by ten per cent. and assume that the parity between the Mexican dollar and the rouble which now exists will continue, a fifty-pound bag of the best quality of Manchurian flour is worth Mexican \$2.10 in Harbin, and the worst quality (No. 4) \$1.40. Harbin flour as an article of Chinese consumption may be said, then, to vary in price from \$1.40 to \$2.10 per fifty-pound bag. It could not be placed all over China at a price less than twenty-five per cent. higher. At these rates could it compete with American flour? This question is most interesting as a concrete example of what can be done and what cannot.

The answer is found by turning to the Chinese Customs returns. The average invoice price of American flour landed on the China coast is Haikwan taels 3.25, or Mexican \$4.85 per *picul*.¹ By a simple calculation, therefore, the fact is disclosed that the fifty-pound bag of American flour only costs Mexican \$1.85 when landed in China in large quantities. The best quality of American flour, after paying heavy transportation charges, is therefore materially cheaper in the Far East than the best quality of Manchurian flour on which no transportation charges have been paid; whilst the poorest grades of Manchurian flour which are delivered by the Harbin mills, although certainly cheaper in Manchuria, would probably be very little so after having been transported by rail and by steamer. This fact is very significant.

¹ A Chinese standard measure exactly 133½ English pounds.

It will thus be seen that, although Central Manchuria is now in a position to mill and export nearly half a million tons of flour a year, and in a few years will have millions of tons to offer, for the moment there is commercially no profit to be made, since the rise in price of Sungari grain by nearly 200 per cent. in the space of a few years, owing to the enormous Russian demand, has made American and Manchurian prices in the Far East almost equal. The secret of this, however, largely lies in the fact that Russian business methods are poor, and that most of the Harbin mills are under a heavy burden of debt. Were this burden of debt removed, the still comparatively cheap price of Sungari grain would undoubtedly permit of a great Far Eastern trade. It is commonly understood in Harbin that the Russo-Chinese Bank—the channel through which all Russian activity in Manchuria has been directed—has millions of roubles locked up in mill-mortgages at heavy rates of interest; and this, coupled with the fact that war accounts will take years to settle, cripples what some day cannot help being an enormous industry. In Japanese hands the Harbin mills would immediately become a very considerable source of wealth, and would soon produce an annual profit exceeding that of the Japanese tobacco monopoly. The Russian idea of forming a giant Russian trust which would deal directly with the whole industry, and be at one and the same time a producer and a universal supplier for the whole Far East, just on the same grand scale

as such an institution as the Standard Oil Company, appears to be quite workable under the present *régime*. A general liquidation must take place, however, before any successful plans can be formulated; and without expert help those plans can never be drawn up. For several years things will merely continue to drift along disjointedly.

The general necessity for a settling-up in Harbin is indeed everywhere noticeable. The "carrying-over account" from the war is of enormous proportions, and is being only very slowly diminished. The Chinese Eastern Railway Co., for instance, has very large sums due from various departments of the Russian Government (principally from the Department of Communications) for war services, and ended the year 1906 with a nominal debit balance of thirty million roubles, half of which arose from the cost of the railway guards, and a considerable portion of the remainder from unliquidated debts of the Russian Government. Being large creditors in one direction, the Harbin Central Railway Administration have themselves become large debtors in another. It is understood that the indebtedness of the railway, like that of the milling industry, to the Russo-Chinese Bank is enormous, and that this has made it necessary for the Bank to refuse all other advances in Harbin and other points in Russian Manchuria.

The railway and the mills, therefore, having borrowed all the money they can, have by this policy helped to arrest the normal development of

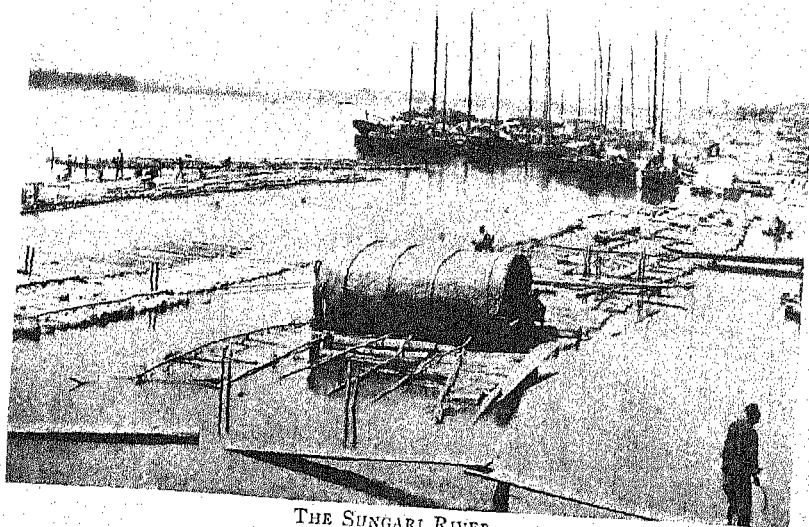
Harbin and the railway belt. Nobody, no matter what security is offered, can obtain credit locally. Floating capital is tied up, and although there is an abundance of money in small sums in the hands of the people, and especially in the hands of the millions of Chinese living on the Sungari plain, all contractors and speculators, who secured, on paper, such large profits from the Russian Government during the war, are still waiting for a complete settlement to be made, and have in many cases barely enough money to live on. It is always so under the Russian system. Without Jewish enterprise and its ability so to arrange business that Government indebtedness is only discharged after long periods, the Russian Government could not exist in the present circumstances for a single day; and the constant outcry that Jewish speculators prey on the Government and impoverish the people is seen to be a rather foolish one, when an investigation is made of the conditions under which Russian business is done. Apart from the flour-milling, timber-felling, and the railways, there are no enterprises of any importance among the Russians in Manchuria. Yet there is an enormous future for up-to-date ship-building and iron-working establishments; for Harbin is the most convenient site imaginable for the pushing of the development of Manchurian riverine commerce, and the Chinese would be willing to purchase every class of steam river-vessel if only there were someone to build and sell them. As it is, steam shipping on the Sungari is

languishing in the same way as the flour-mills, although shallow draft steam-vessels could largely replace all native shipping, and grow as rapidly as steam shipping has recently done in Chinese waters.

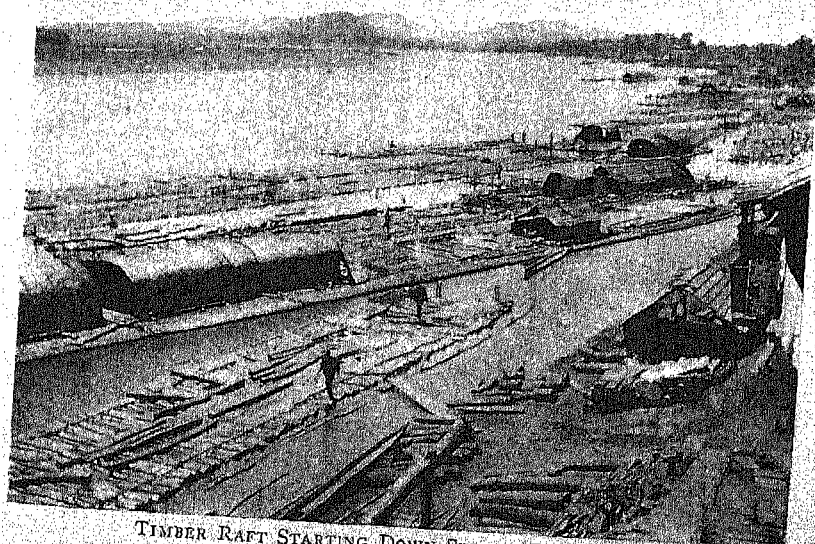
As a matter of fact, therefore, no progress is being made by the Russians in Manchuria—except in the matter of building, which is still going on in Harbin in the extraordinarily rapid fashion which has been such a characteristic of the place ever since the first Russian occupation. The motive power for the Russian Far East comes from St. Petersburg and Moscow; when that is stationary nothing is done. Never has this been so well demonstrated as at present.

Most prominent among these new buildings are the edifices known locally as "The Moscow Bazaar," which are intended to form permanent emporiums where Moscow cotton and woollen fabrics will be sold—according to the plans of the promoters—in enormous quantities, and thus actively compete with British, American, and Japanese stuffs. The first idea is to form this Central Manchurian depôt; the second is to establish mills in Harbin itself, and gradually to train Chinese to the work on a large scale.

But just as is the case with the flour-mills, so is it with Russian cotton manufacturers. In the producing centres of Russia, such as Lodz and Moscow, certain fabrics may actually be a good deal cheaper than those of rival manufacturing countries. But the voyage to Manchuria, either by land or by sea,



THE SUNGARI RIVER.



TIMBER RAFT STARTING DOWN STREAM FROM KIRIN.

destroys that advantage—about this there is absolutely no question—except in the case of certain classes of fabrics which have really no competitors. It is impossible to bring goods in large quantities by rail from Moscow to Manchuria without paying heavy freight charges which eat up profits; and the Odessa-Vladivostock sea route is almost as costly as it is clumsy. It may be taken for granted, then, that the wholesale trade expansion in Manchuria which is contemplated by the “Moscow Merchants” will be just as slow in developing as the flour-mill trust. Until Siberia is densely populated and industrialism has begun to replace agriculture, no fears need be entertained that the geographical position of the Asiatic dominions of the Czar will destroy free trade in the northern regions of the Chinese Empire.

At this juncture it is interesting to mention a highly important fact which seems to have escaped the notice of publicists and which has a constant influence on Russian policy. This is that Moscow occupies a very special position in the councils of the still autocratic bureaucracy, because of its financial strength and because it disposes of the only really great sums of accumulated wealth in the Russian Empire. Moscow bankers and Moscow manufacturers, combining with one another, can, and often do, dictate the fiscal policy of the Empire. Thus the question of the closing of the free port of Vladivostock, the question of heavy railway rebates on everything coming from Russia to Man-

churia, and the question of doubling the Siberian railway—all these must practically be decided in Moscow. The Russian Government is under heavy obligations to these powerful groups of bankers and manufacturers because of financial accommodation given during the war; and therefore it will be necessary to study very closely from year to year the developments which take place in Asiatic Russia owing to this constant influence.

The commercial position among the Chinese in Russian Manchuria is also curious. Just as in Vladivostock, so here most of the Chinese guilds and Chinese banks are new creations, which have sprung up with mushroom growth during the war. Very great sums in rouble currency are held by them, and are being only slowly and cautiously remitted to Chinese centres. I was told, indeed, that the Kirin province of Manchuria had made 140 million roubles by the war; but although there is a large demand for *sycee* and coined silver, as a matter of fact very little has recently come into the country. Such bar-silver as has arrived has been imported *via* Vladivostock from Hamburg. The Kirin provincial mints have again begun to coin bar-silver into dollars and half-dollars as fast as possible; but the demand for coined silver is practically inexhaustible in Manchuria, and importations of millions and ten of millions of Mexican or Hong Kong dollars—the latter coin is well known, as in Northern China it defeats the Mexican—are needed to relieve the rouble congestion. What, then, is now principally wanted in

these regions is a free-trade bank unconcerned with political movements and possessing a name familiar to Chinese trading classes. In the first place the establishment of such a bank would lead immediately to the deposit by Chinese dealers of many millions of roubles, both for safe-keeping and for transfer to the home provinces ; and in the second place it would also be largely patronised by the Russians, who are highly dissatisfied with the present financial facilities and who require a proper banking channel through which to direct their activities.

In the opinion of the writer, consequently, a fortune awaits the first British bank to establish itself at Harbin. Chinese trade demands such a bank ; and the accumulated sums of capital now being jealously and secretly hoarded would be released, and would thus bring about a revival of Manchurian trade. The enormous agricultural wealth of the Sungari valleys is as yet not even dimly understood ; neither has the fact been properly appreciated that individually the Russian is a liberal-minded fellow who has a respect and a liking for rapid business methods—and he knows that these cannot be found among his countrymen for many years to come.

Thus there are opportunities at present which should not be neglected. The year 1907 opens in Manchuria with the Chinese thoroughly alive to all those dangers of which so much has been made in the press. The Chinaman does not want Manchuria dominated either by Russia or by Japan ;

he knows that the latter country brings method to bear where the former country fails, and that a new persistence will have to be defeated quite different from that encountered before the late war. Already the Chinaman sees that, whilst each act of the Japanese is carefully put into agreement with the general policy by the publication of specific regulations, every additional step tends to deprive him of the monopoly which should be his in his own country, but which will be slowly plucked from him by the methodical building-up of artificial conditions in which free competition has no fair chance.

The Chinaman does not wish either Russian or Japanese money to dominate the commercial situation ; he wishes for hard silver, coined or uncoined, as the principal exchange medium, just as it is in the home provinces. Of the two competing paper issues he at present prefers the Russian, because its exchange is not attended with those irritating conditions which the Japanese know so well how to impose. The minted dollar, however, would sweep the market if it were introduced in sufficient millions ; and the pioneers in its introduction would soon find that normal Manchurian conditions are the same as normal Chinese conditions, and that the artificial conquest which the two rivals have been so intent on making would be rapidly undone if only normal forces were unloosed to combat the abnormal. Just as with the shipping trade of the Russian Pacific Coast, it should be understood that the time has now arrived when such places as Odessa,

Batoum, Moscow, and St. Petersburg—where there are large English commercial communities—should be drawn on for Russian-speaking recruits to aid this new work. In other words, to deal properly with the Russian Far East it is necessary for British firms to have Russian-speaking Englishmen on the spot, and thereby be able to deal with things not only from the point of view of China and the Chinese, but also from that of Russia and the Russians. Much of English commercial failure in Siberia—in strong contrast to the great German success—has sprung from the fact that instead of possessing men well-trained in the language of their patrons, reliance is placed on interpreters who are, as often as not, incompetent to carry out their duties. If there were no close trade relations maintained between the British and Russian Empires this policy might be excusable; but as the very reverse is the case, and as Russian raw stuffs are exchanged against English manufactured stuffs in large quantities, there are hundreds of Englishmen in Russia whose services could be secured to bring about the essential linking-up between the great British trading centres of the East and Russia in further Asia.

Before the war the speculative nature of the whole situation and the sure signs that it had no elements of permanency were sufficient to preclude anything being done. All that is now changed; and now is therefore the time to lay those foundations which through their enduring and satisfactory nature

may alone profoundly modify all Russo-British Asiatic relations. Sound methods of commerce and finance, and the creation of a new community of interests, are what are immediately wanted ; other things will develop very soon after the first steps have been taken.

For in Harbin the pause—the moment of doubt, of repentance, of misgiving—is even more marked than in purely Russian centres such as Vladivostock and Khabarovsk. Harbin is, after all, in Chinese and not in Russian territory ; and the Russian authorities, however much they may have wished to impress the world with the fact that their military domination has rendered China's rights of eminent domain entirely fictitious, have as a matter of fact never been able to ignore these rights in practice. Thus, although at least one English traveller who has visited Harbin since the war has written that of Chinese authority there is no trace, this is quite incorrect. There are two big Chinese Yamens in the very centre of the town, one representing the Kirin Tartar General, whose jurisdiction includes everything on the right bank of the Sungari, and the the other the Heilungchiang Tartar General, whose jurisdiction begins once the Sungari river is crossed. Each Yamen is in charge of an official having Taotai rank, and has numerous small officials attached ; and each has contingents of military and civil police who not only guard the official residences but patrol those streets where the Chinese are most thickly congregated. At the railway

station there are also Chinese police representing not Russian but Chinese authority, and emphasising a fact which Peking is most anxious not to have obliterated by the lapse of time—that the Russian Manchurian railway is a joint Russo-Chinese enterprise for which Russia supplied all the capital, with the exception of the five million Kuping taels which China deposited with the Russo-Chinese Bank, who were the nominal concessionnaires, because at the time she had insufficient funds to contribute her share.

It is well to remember now—twelve years after the event—that the original Chinese Eastern Railway Co., organised in St. Petersburg, was always nominally presided over by a Chinese president in Peking, and that Russia maintained a special financial agent—who was a delegate both of St. Petersburg Ministry of Finance and of the Railway Company in Peking—for the express purpose of advising the Chinese Government month by month of everything that was done, and of submitting periodic statements of accounts. The fact that all this became obscured by the unfortunate political situation created by the retreat of the British fleet from Port Arthur in 1898, in no wise changes the character of the original arrangements, to which gradually there must be a return. It is peculiarly appropriate, then, that the present Russian Minister accredited to the Peking Government should be no other than the original financial agent through whose hands passed all the initial arrangements, for Harbin and Russian

Manchuria must at last gradually assume the status it was originally intended to possess. The presence of the Japanese—not as nominal partners of the Chinese, but as a quasi-Government department—on the Southern Manchurian railway is the one thing which now alone compels Russia to take safeguarding measures ; but even these safeguards might be done away with if Japan could be induced to modify her stand in the province of Fengtien, and to carry out the pledge which Baron Komura himself gave in Peking at the end of the year 1905.

The Russian authorities, whilst they necessarily still dominate the situation, are anxious to conciliate the Chinese in every way possible, and are ready to evacuate, as they evacuated the province of Ili in 1881, after six years' occupation. For the time being, whilst a certain number of Russian troops remain in Harbin and whilst the slow liquidation of war accounts goes on, a special aspect must obtain¹ ; but by 1908 that will have almost entirely disappeared. Meanwhile the mood of the local Russian press is peculiarly symptomatic. Every newspaper in far-off spots is necessarily imperialistic and expansionist in its tendencies, and editorial utterances in the outposts of an empire are generally couched in extreme terms. The Harbin newspapers are no exception to the rule ; they all play on the same strings. There are no less than four Russian journals

¹ The total evacuation of Manchuria, with the exception of 30,000 railway troops, was duly carried out by Russia in accordance with the Portsmouth Treaty, before the 1st April, 1907.

and one Chinese, and all five look upon Japan as the common enemy. They are, generally speaking, ill-informed and pessimistic in tone regarding Russia's future in Manchuria ; but they one and all recognise that that future depends on China's friendship.

The situation is therefore interesting from every point of view, and the manner in which a solution to the problem will be worked out will depend, not on the Japanese, but on no other people than the Chinese themselves.

CHAPTER X

THE BACKGROUND OF THE RUSSIAN FAR EAST

ONCE past Manchuria station you are well within the boundaries of the Siberian province of Transbaikalia. Once you have run the thousand odd versts which separate the Manchurian frontier from the great lake, you are suddenly circumventing that lake on that splendid *tour de force* the Circum-Baikal railway; and once you have done that, you are in the Irkutsk Government, and you have lost everything that binds you to the East. For to all intents and purposes you are in Europe now—the new Europe which Russia, alone of all Caucasian Powers, has known how to create in Asia. It may be that Siberia is still labelled by the geographers as of old; ethnologically it has already become almost entirely European, and the Ural Altaic races, never very numerous, are either being quickly blotted out by that process known as assimilation, or are being pushed back into the profitless wastes of Central Asia. It may take twenty or thirty years for this to be generally understood, since the world abandons old-fashioned or preconceived ideas with difficulty;

yet within that space of time the indisputable fact will at last be grudgingly admitted, that European Russia does not end at the Ural but at the Baikal.

Thus the construction of Siberian railways has in twelve short years—short, because so many great events have been crowded so rapidly into them—entirely altered old quantities; and the Siberia of the story-books has already disappeared never to return. Siberia, then, must now be looked upon simply as the exact Russian equivalent of the old American Far West or the new Canadian North-West. It is a new land, that is all, and should not be invested in imagination with any other characteristics. Railways, a great movement of virile men and women, agricultural machinery, houses of brick, wood, and stone, and all the inventions of a marvellously inventive age—in a very short interval these can make an unconquered country, which is uninhabited by inferior races, and which is gifted with a wholesome soil and climate, a new piece of Europe, as European as the countries of the old world, as white as the whitest. Such countries are as deeply moved by the old sentiments and the old tendencies of the bigoted Caucasian, and are as tightly bound to his rigid social structure, as the most fervid believers in the Aryan tradition can desire. It is, therefore, a fact of some international importance that while the Russian Government was failing in its design to hold by the sword a great stretch of neutral territory leading to the sea, and from this vantage ground to menace other

territories and perhaps even to add them to that military dominion, the Russian people, like the moraine of a glacier, should all the time have been slowly but irresistibly moving onwards to the East, until the whole vast region from the Ural to the Baikal has become not only colonised, but so densely inhabited in places that it no longer possesses a colonial aspect; has, in fact, become European Russia pure and simple; and has gained a position from which it must influence, by its own dynamics and unled by any military imperialism, the fate of the whole Asiatic world. It is a dim understanding of all this which accounts for many things so noticeable since the war, and which makes men desire that the future should come more quickly than is humanly possible.

The next step in this great Siberian settling movement is the natural corollary of the first. It is that Siberian industrial and manufacturing centres should arise—also from the Ural to the Baikal—making the newer land as self-contained as the older in manufactured articles, as it already is in almost every class of raw products. When that next step has been taken—a step which it may be assumed will come gradually, yet rapidly, during the next fifteen or twenty years, possibly with the aid of much foreign capital—the potentiality of Russian strength in the Far East will have been augmented by so many hundred per cent. that it would be rash to attempt to state the increase in mathematical terms. In other words, Russia will

then be many times as strong as she is at present ; many times as able to exert her influence in peace or in war ; many times more able to become a real competitor, whether she will or not, in the unending struggle of man, because everything will rest on a sound and legitimate basis. In the past her influence has been forced forward by quite unnatural processes ; has been dictated by the Government from a distant capital ; has been exerted at severe cost to the parent land ; has, in fact, been an ante-dating of history. And although this movement has possibly directly benefited Siberia in a remarkable and somewhat unlooked-for manner, it has severely strained the home resources, has discredited the Government, and has led to a sudden desire to discard expansionist methods of this kind, which inevitably make such severe calls on the nation's reserve strength. It is now the avowed policy of those Russian statesmen in whose hands are confided the destinies of their country, to step aside, as it were, and to allow natural forces to play their own part. In other words, the Siberian and Far Eastern policy now to be adopted will be that of merely keeping pace with the natural onward march of the Russian people, strengthening the movement by the building of railways, backing it by various consolidating measures, but still in no wise playing the old part of blind leaders of the blind.

The success of this natural onward march of the Russian people, which seems absolutely assured, will mean that Czarism will no longer have to rely

for support, in moments of stress in the Far East, on such distant centres as St. Petersburg, Moscow, and Kieff; Tomsk, Omsk, and Irkutsk will soon in the ordinary course of events have taken the places of these European centres, and Siberia—placed on the very flank of Mongolia and Manchuria, and stretching out long feelers down the course of the Amur to the rest of the north-eastern mainland of Asia—will be as fully competent to forward its own interests as Canada must be at some moment during the first half of the present century. When that time comes, Russia will in no sense have to rely on two slender ribs of steel six thousand miles long to connect her with her Far Eastern possessions. It will then be merely a question of unloosing the masses of men in the regions west of Lake Baikal, which is but seven hundred miles from the Manchurian frontier, and calling on centres (distant at most only one or two hundred hours by rail from the possible battlefields) to feed and arm those masses, in order to make absolute defeat impossible. This is a most important consideration; for when this new state of affairs has been created, diplomatists will have to recast their data and once more work out their calculations afresh, although a revision of them has hardly been completed. And now, without further ado, a few special words must be said about the forces at work in Siberia, and about their influence and remarkable nature. These forces are simply colonisation, communications and natural resources; when they have been considered

and properly understood, they add a new aspect to the whole future of Asia.

It must be said at once that the student who surveys Siberia after some travel immediately notes four important facts about the country, all of them conducive to a solid, remarkable and permanent growth. The first is that the area available for profitable settlement is stupendous—working out to probably two million square miles, or considerably more than a thousand million acres of land, which is exactly six times the extent of Manchuria, itself a country the size of France and Germany. This area is sufficient to nourish a minimum of a hundred million Russians, assuming that the population reaches the same proportion per square mile as in the European provinces, and that wastefulness continues as heretofore to be one of the chief Russian characteristics. Yet even this great area does not include two and a half million square miles of frozen *tundras* and equally inhospitable lands—the country north of latitude 65°—which, although continuously frozen, except for a summer which comes only to disappear with lightning rapidity, is capable of supporting an additional population of a large number of millions devoted to such pursuits as cattle-raising, mining, lumbering, and following the chase. Thus the barren Governments of Yakutsk and Yeneseisk—from which inhospitable centres, be it remembered, the seventeenth century Cossack movement into Manchuria was directed—already contain a million and a half souls. It is impossible

not to assume that lumbering and mining on a very large scale—the latter must certainly come, since minerals form the greatest potential wealth of this northern country—will lead to the building of railways as undreamed of as was the Yukon line a couple of decades ago. The construction of such railways will have the same effect as it always has amongst vigorous populations. New centres will suddenly arise along the whole length of the permanent way; these centres will imperceptibly communicate their activities and their aspirations to vast outlying stretches of land; and little by little a new world will be built up, which will purchase what it lacks by a free barter of those things of which it possesses a super-abundance. According to geologists it seems certain, for instance, that ultimately the world will be supplied with gold—once South Africa, Australia, and the United States have been denuded of their stores of the precious metal—from Siberia. And although until now gold in Siberia has been won mainly from fickle gravel deposits, experts all incline to the belief that once a real beginning in quartz-mining has been made, Russia will rapidly take her place as the premier gold-producer of the world.

It is not, however, with such aspects of the new Siberian question that the inquirer can at present be concerned; they are casually mentioned merely to show that although more than half of Siberia is at present looked upon as a profitless and cold-killing waste, it can remain such a waste only so long as

climatic and geographic difficulties succeed in postponing that great development which the restless activity of man now everywhere decrees. The proposed Alaskan-Siberian railway to bind all the Americas with all the Russias by tunnelling beneath the Behring passage, although not to-day approved of by the St. Petersburg autocracy, must some day come ; and it is calculated that that railway will do for the immense Government of Yakutsk—a province possessing an area of one and a half million square miles, or fifty times the area of Great Britain—something almost as remarkable as the Trans-Siberian railway has done for the great agricultural belt which it now traverses. But it is this latter belt which first merits consideration—the two million square miles of territory that have been so surprisingly thrown open to colonisation by the simple act of hammering slender steel rails on to wooden ties and thereby directing an unending flow of energy towards the rising sun. For it is this zone which must exert the greatest influence.

Of the three principal divisions into which the railway belt of Siberia naturally falls—Western Siberia, including the territorial divisions known as the Governments of Tobolsk and a portion of Tomsk ; Central Siberia, including the main portion of the Tomsk province ; and Eastern Siberia, including the Governments of Irkutsk and Transbaikalia—by far the richest agriculturally are the two first-named. It may be said that from Cheliabinsk, which is the first Trans-Ural railway

station, to a point several hundred versts east of Tomsk—let us reckon it three thousand versts, or two thousand miles—there is a belt of agricultural land which probably has no equal in the world, not excepting even the great North-West of Canada. And not only is this region fertile in the highest degree, but it is bountifully supplied with a natural developer superior in many ways to the railway. This is the remarkable Siberian river-system, which has evidently been placed by Nature for the express purpose of developing the land and of serving as a series of giant feeders to any railway system traversing the country from west to east. In other words, the great rivers Ob and Irtisch, and that still more remarkable stream, the Yenesei, after rising in water-sheds far to the south of the Trans-Siberian railway, flow slowly towards the north in an ever-increasing volume of water, until at last, as mighty rivers unsurpassed anywhere, they fall into the Arctic Ocean, nearly three thousand miles from their source. The Yenesei is navigable by large steamers for a distance of two thousand miles; the Ob and Irtisch—the latter being the most important tributary of the former—for a hardly less extensive range. Thus—taking in conjunction with one another these waterways, their tributaries, and the canal system already constructed—it may be said that all agricultural Siberia can be reached by steamer from the sea. This astounding fact, although much modified by the long period during which the frosts imprison both land and water, has been but little appreciated

generally, nor has its direct influence on the recent great wave of Siberian development been fully realised. Whilst the railway has advertised Siberia, it is the rivers which have done much of the real work. Again, farther to the east—and therefore, from the configuration of the Northern Siberian coast-line, still more exposed to the iron hand of winter—is yet another river, the Lena, which, although its economic possibilities have also been largely ignored in the past, must ultimately exert, though to a lesser degree, the same progressive influence which has already distinguished its sister-streams lying farther to the west. The Lena, like the Yenesei and the Ob, mounts from the Arctic Ocean to the very heart of Siberia, its watershed being formed by the massive mountain ranges enclosing the western shores of Lake Baikal.

Provided, therefore, with a river system such as few countries enjoy, Siberia needed only the necessary impetus—an impetus given by the construction of the Trans-Siberian railway—to forge most rapidly ahead. For the completion of the railway allowed the Russian Government to see for itself what a magnificent outlet existed on the endless steppes for its fast-breeding agricultural population which had always been clamouring for more and more land; and this was no sooner perceived than great efforts were made to promote wholesale emigration to every part of Siberia. It is curious at this moment to reflect that these vast steppe-lands of Western and Central Siberia once

served as the outlet for many different races leaving Central Asia during the great migration of nations—a hegira which, beginning with the colossal movements of the Huns, continued until the great Mongol invasion of South-eastern Europe in the thirteenth century had been checked. That the twentieth century should see an immense return flow of men of Aryan race directed all over Northern Asia from the Ural to the Okhotsk Sea, invests contemporary history with a romantic interest it but seldom possesses. For just as the original migrations led to sharp and unending rivalry between nations of rival blood-stock, so it is permissible to suppose that something of a similar nature is fated to ensue before the final mastery along all fringes of the Russian Empire of to-day is definitely decided.

In such circumstances the Russian Government had no sooner begun to complete its Siberian railway plans and to map out possible extensions, than the peasant emigration movement took full shape. As early as 1889 a law was passed with regard to the free emigration of the village and town populations of European Russia to the State reservations of Siberia, designed to provide all settlers with ample arable land and to give them every possible facility. At first this law only applied to Western Siberia—that is, the Governments of Tobolsk and Tomsk—but in 1892 it was extended to cover all Eastern Siberia as well. The emigrants who quitted their homes, on the fulfilment of all the necessary conditions, received per head a grant of

fifteen *dessiatins* of land (about forty English acres), every man, woman, and child counting; and in addition they enjoyed the right of remaining tax-free for a period of three years. After the first three years, such emigrants have only to pay half-taxes for an additional three years, and thus only become liable to the full levy at the beginning of the seventh year. This generous treatment is enhanced by the lightness of even the full land-tax, which amounts only to 2'71 roubles per lot of fifteen *dessiatins*, or say six shillings a year for forty acres. Beside this a further privilege exists, permitting all young men to postpone their military service for three years—that is, until they have set their farm in order; whilst small loans and grants of seed and timber are also made to the poorest classes of emigrants.

In the statistics of the last census (1897) the effects of this commendable Government encouragement began to be evident. In 1853, forty-four years before this census, there were less than 3,500,000 inhabitants in Siberia; in 1897 there were 7,091,244, or a net gain of more than one hundred per cent. This, however, is nothing. The really surprising results will be disclosed only in the census to be taken in the current year, when it is believed that the population of Siberia will be shown to approximate fifteen million souls, or a further increase of at least one hundred per cent. in ten years. Should the present emigration movement continue unabated, there is no reason not to assume that

before the end of the next decade—1917—there will be thirty million Russians in Siberia, mainly concentrated along the railway belt ; and by 1930 or 1940 Russia will have fifty millions of hardy people to respond to her call—the new population of a new land, as enterprising, as responsive and as vigorous as such a population must always be.

Contrary to popular belief, the vast majority of these settlers do not enter Siberia by rail ; great crowds come by steamer up the rivers Ob and Irtisch, and in a lesser degree up the Yenesei. From 1897 to 1904—the beginning of the war—it is calculated that about 200,000 emigrants were annually entering the country in this way, whilst the number of those conveyed by the railway sometimes exceeded 100,000 a year. During the war there was, of course, a lull ; but this was not so marked as has been supposed, and it is understood that the returns of the steamers plying on Siberian rivers show but little falling off during either 1904 or 1905. During 1906 there was unparalleled activity ; and the fact has been already published in Russian organs that the excess of emigrants over an average year was more than a quarter of a million. Probably half a million Russians will from now onwards annually enter Siberia.

A last factor which should not be lost sight of is the astonishing birth-rate prevailing amongst the Siberian rural population. The ordinary increase of population by excess of births over deaths for the whole Russian Empire is about eighteen per thousand

per annum ; but there is reason to believe that this is much exceeded in Siberia, where the heavy town death-rate of European Russia is entirely lacking, and where the general conditions are more conducive to fecundity than in the home provinces. This Slav fecundity must, indeed, come to exert the most profound influence on the future of Siberia and Eastern Asia. Already the Russian rate of increase resembles the prolificness of the negro races, whose populations can be doubled by child-birth twice as rapidly as is the case amongst the white inhabitants of temperate climes. There is now no reason to doubt the statement of Russian statisticians that the annual increase by births in Siberia is almost three per cent. of the population—*i.e.* nearly thirty per thousand people—and that this rate is well maintained. Thus from 1897 to 1907 it is officially believed that the excess of births over deaths in Siberia caused the population to rise from seven millions to nearly nine and a half millions, and that emigration will necessitate an additional five millions of people being included in the grand total of 1907, the census year.

It may be assumed, then, for the purposes of argument, that Siberia already has a population of fifteen millions, the vast majority being orthodox Russians, who have been drawn into the country during the past five decades. The condition of this population is quite different from that of the older land. Russian observers have not hesitated to declare that the leading element in this emigra-

tion movement is composed of a class of men who appear to be nearly related to those enterprising Russians who, in the fifteenth, sixteenth, and seventeenth centuries, wandered far beyond the limits of the narrow Czardom of Muscovy—to the Steppes, to the Don, to the Yaik, and to Siberia—and settled there as free Cossacks, thus strengthening Russian civilisation in new countries where little or no encouragement was given to them. The emigrants of to-day are naturally more peaceful, more inclined to satisfy simply their homely wants ; yet at the same time they are singularly enterprising and energetic, being, indeed, the pick of their breed. In the main they are men who have become dissatisfied with the existing order of things behind the Ural, who have felt themselves neither fit nor willing to submit to the legal forms and ever-increasing authority of the law in European Russia, and who seek, therefore, a wider and a freer world. All these traits give them a striking similarity to those earlier conquerors who developed and expanded Russian power ; and it is accordingly not surprising to find that during the late war the Japanese generals were unanimously of the opinion that the Siberian regiments were the best in the field against them, and that had they been well led, nothing could have broken them.

In these circumstances it has been only natural that until now the Siberian towns should not have developed at the same rapid rate as the agricultural districts around them. Emigrants have gone to

conquer the lonely steppes and have never desired merely to languish in towns. Siberian capitals have, therefore, tended to remain mere over-grown villages, and Vladivostock—with its insistent Europeanism—has more of the great city about it than the main administrative centres of Siberia, which were founded as stockaded outposts, endlessly at war with the Tartars, more than a couple of centuries ago. In 1897, Tomsk, the largest Siberian town and the provincial capital of the most populous region beyond the Ural mountains, had only just over fifty thousand inhabitants; Irkutsk was of about the same size; Omsk, another important centre, had under forty thousand inhabitants; and of the remaining towns—Tiumen, Barnaul, Krasnoyarsk, etc.—there was not one with thirty thousand inhabitants. The passage of ten vigorous years has, of course, effected a noticeable improvement; but still none of the great Siberian centres have one hundred thousand inhabitants, and, with the exception of Irkutsk, which is bent on rivalling the modernity of Vladivostock, they continue, as has been said, mere over-grown villages.

The inevitable change, however, is now fated to come sharply and suddenly. Just as the Siberian peasant has commenced to use, on an ever-increasing scale, the most modern agricultural machinery, so there are also signs that the towns are changing from prairie settlements to centres boasting the refinement of French or Austrian cities. Curiously enough, too, this change is coming fastest nearest the debateable zones. Irkutsk has far less of the

uncouth Siberian country-town about it than any of the corresponding Government centres of Western Siberia, and Blagovestchensk is American rather than Russian. Just as in Russian railway travelling you have either the very best or the very worst, so in the Siberian town there is no intermediate stage between the settlers' natural roughness and the imported refinement of Paris. But although this change is now to be discerned, there is still very little to show that these Siberian market-places and entrepôts for interprovincial or interregional trade have seriously entered upon the next phase of their proper development—that of becoming important industrial manufacturing towns, able and competent to play the same part towards the whole of Siberia as do Moscow, Lodz, and other great Russian centres, to the Empire behind the Ural. All the amenities and many of the necessities of polite life are still carried into the country from Europe by the railway, which has in this respect merely taken the place of the post-carriages which used to swarm on the old Siberian post-roads.

In agricultural produce, it is true, Siberia has no superior. Its butter, its beef, its mutton, and its wheat have already international fame; its factories and its workshops have as yet hardly any importance. The distillation of spirits, the brewing of beer, the tanning of hides, and the milling of flour alone engage the attention of Siberian urban populations on any large scale; the rest has not been touched. That is to say, what may be classed as only ele-

mentary in the progress of modern man has been attempted ; the working of iron and steel and other metals, the spinning of yarn and the weaving of cloths—all these may be said generally to be non-existent, although there have certainly been some half-hearted attempts to give them birth. But the extraordinary nature of the untapped resources of the country make one pause in wonder the more one examines the few statistics which are available to the ordinary inquirer. Six or seven years ago there were 4,139 flour-mills in the Tomsk Government alone. Further, in the regions far south of the railway—regions which the student of geography and even the traveller might readily suppose to be an immense barren and profitless empire in itself—experiments conducted over several years have shown that both climate and soil are highly favourable for the cultivation of beetroot on an immense scale ; and several large sugar refineries are already in operation in the Minusinsk district, a couple of hundred miles south of the mid-Siberian section of the railway. Indeed, as researches are slowly carried out by the Government, the fact is becoming more and more clear that, with the solitary exception of silk, Siberia contains in superabundance everything which makes for a nation of enormous wealth ; and if one includes, as geographically-speaking one should include, the Kirghiz border-land, Turkestan, within the boundaries of Siberia—or let us say (since this name is rapidly losing its older meaning) of Asiatic Russia—then even silk must be

added. For it is well known that from Andijan, or the Turkestan-Chinese frontier, to the deserts surrounding the lonely sea of Aral, cotton and silk cultivation is beginning to be carried out on a scale which makes it certain that Russia will soon be a premier producer in both these staples.

Here it is again necessary for the reader once more mentally to brush away some haziness of ideas, unavoidable before the construction of the Asiatic railways, and to realise that from the Russian shores of the Behring Straits—that is, some degrees north of the sweep of the Arctic Circle—straight down to the south-west across three-quarters of the longitudinal projection of Asia, until the frontiers of Persia and Afghanistan are reached, there is nothing but the New Russia, which must eventually exert a profound influence on the history of the world, simply because the great masses of Europeans who are slowly collecting in it will always seek to extend their dominion. This stretch of territory measures nearly 6,000 miles diagonally ; and within it are to be found resources fully as great and fully as varied as those of the United States and Canada combined. It may be true that territories in the southerly latitudes of this embryonic Empire are already occupied by races which have decayed from their past magnificence—all those Turko-Turanian peoples who attained the zenith of their power and the acme of their culture immediately after the descendants of Ghenghiz Khan had founded the various mediæval Empires of High Asia. But these races are neither numerous nor

capable of great expansion by the operation of the birth-rate; while experience is already showing not only that the great Russian wave is capable of sweeping over the Kirghiz border-land, south of the Omsk section of the Trans-Siberian railway, and of submitting all these Asiatic nomads to relentless pressure, but also that self-supporting Russian emigrants of the very best type are steadily making their way into Turkestan in ever-growing numbers and are devoting themselves to such pursuits as the cultivation of cotton on a large scale. Similarly in Transbaikalia—the little-known region east of Irkutsk and west of the Manchurian frontier—although there are great numbers of Buriat-Mongols, lands are steadily being pre-empted by Russian peasants on a constantly increasing scale; and the administrative centre of the whole region, the town of Chita, has more than trebled and almost quadrupled its Russian population since the beginning of the construction of the Manchurian railway. This remarkable increment in the urban populations during the past decade is most noteworthy, and sharply differentiates the character of such Russian towns from that of the trade marts founded by England in those Asiatic territories which she holds by right of conquest, or in which she has settled on a far less secure commercial tenure. It is the fact that the standard of such Russian populations has hitherto been low—so low, indeed, as to resemble that of Asiatic urban populations rather than that of vigorous northern European populations—which has militated against their

exerting that influence and spreading that culture which would otherwise be expected of them. But as this standard is now being perceptibly heightened from year to year, and as a general recognition is spreading of the fact that in the past Russia has been too much a world unto herself, a gradual increase in the unconscious influence exercised by these gatherings of hardy men must be expected.

The effect of this will be two-fold. Already it has been remarked in Northern China and Manchuria that so far from the disaster of the late war having lowered Russian prestige, it has actually confirmed the Chinese belief that Russia is a Power which, owing to her snowball qualities, cannot be looked at or judged as are other European nations. In other words, there is an impression, which amounts almost to a conviction, amongst all classes of Chinese—who, possibly owing to the fact that they have been closely tied to the cultivation of the soil during an unbroken stretch of forty centuries, seem to have their subconscious geographical understanding on a higher plane than many other peoples—that Russia is something apart from the rest of the European world, and that in her hands lies the solution of many present-day problems. That a renewed fear of Japan should arise at the same time does not detract in the slightest from the strength of this conviction. Indeed, on the contrary, it adds to it; for amongst Chinese officialdom there is enough common-sense to realise that any lessening of Russian pressure on Northern Manchuria, through

fresh successes on the part of Japan, would simply tend to increase Russian pressure farther to the west, and would thus increase the risk of the disappearance of China beyond the Great Wall. We have said that the effect of the heightening of the standard of Russian urban populations in the Asiatic Empire will be two-fold. The first effect—an effect which is naturally noticeable in the Russian Far East—is of course that, unaided by the gradual unfolding of any official expansionist programme such as has been the propelling force in past years, these urban populations have begun to voice certain sentiments and gradually to insist upon receiving that consideration which Anglo-Saxon communities, immediately they have been firmly founded in new countries, have always demanded. In other words, by an unconscious process, the burden of empire is being imperceptibly transferred from the unequal and treacherous shoulders of Russian officialdom to the far sturdier shoulders of the Russian people. Popular clamour, as in truly free countries, may soon supply the keynote of policy, for the Russian people are really a democracy living under the form of autocracy, whilst Japan is the exact contrary; and with the faces of the inhabitants of this New Russia perforce turned in two directions, southwards and eastwards, that clamour must naturally express two main desires—a desire for closer inter-connection with Asiatics, and a desire for the recognition of rights which the Russians believe to be theirs by inheritance, because Yermak, the Volga pirate, with

his hosts of Cossacks, was the first real white empire-builder in Asia, and because Russians alone can colonise amongst Asiatics.

The second influence will be a natural corollary of the first. The Russian Asiatic communities will tend to become self-supporting; to become manufacturers and industrialists on a large scale; to become the refiners of the immense masses of wealth which the exploiters, the rural populations, are beginning to lay bare. There is no reason, indeed, why within a very short period the New Russia should not be swept by an astounding wave of industrial prosperity such as came over the United States as soon as the effects of the Civil War had been fully dissipated. Everything is now ready—except, perhaps, large sums of capital; and if Russia is wise and encourages a rapid introduction of neutral money, as did the United States during the reconstruction period of the 'sixties and 'seventies, the last influence which is necessary for consolidation will have been set in motion.

Perhaps nothing so clearly proves the general accuracy of this hasty and imperfect sketch of the main outlines of these tendencies as Russia's new railway policy, which will be slowly rather than quickly developed. Students of Russian affairs too hastily concluded that after the war the Czar would again grasp his ruler, and do as his august father is reputed to have done when the bureaucrats could not agree as to the route of the Trans-Siberian railway—namely, rule a straight line across Asia and

order a railway to be built along the line. In the present case it has been assumed that the ruler-line would run parallel to the old railway, which would at once be made a double track in order to double Russia's means of protecting her outlying possessions. No such thing, however, is to be attempted, at least for the present. The war has shown conclusively that at least a million soldiers can easily be concentrated east of Lake Baikal by means of a single-track railway; and as many things which were lacking at the beginning of the war are now in first-class order, there is no reason not to assume that—together with the forces being permanently maintained in the Far East—Russia could not mass twice the force she had actually massed in Manchuria by September, 1905, in half the time it took her to do it in that case. In other words, the single-track railway, thanks to its exceptional siding facilities and to the strategical disposition of all those many factors which go to make up perfection in the handling of an immense through traffic, is from a military stand-point quite self-sufficient. What, then, is purposed to be done? Merely to tighten up and improve the Russian Asiatic railway network in such a way as to bind together what is now disconnected, and thus to make Siberian internal development more rapid. This is a very important decision; for it involves a move which cannot be met by potential enemies in the same way as could railway building which was frankly aggressive.

One of the steps which have immediately to be

taken is the building of the Amur river railway. The completion of this railway will simply mean that an important link in the Imperial chain which was overlooked—"forgotten," Russian officialdom somewhat naively calls it—will have been forged. In 1891, when the Czar in person cut at Vladivostock the first sod of the Ussuri railway, nothing probably was farther from the thoughts of Russian statesmen than the Manchurian railways. In those now far-off days China was looked upon as a sleeping giant whom everyone would be extremely ill-advised rudely to arouse. Japan's defeat of China four years later was that which made the Trans-Manchurian railway inevitable; and as soon as it became inevitable, it was built. It was in the first instance merely a Russian Roland for the Japanese Oliver. The completion of the Amur railway will not only place the Amur towns of Khabarovsk, Blagovestchensk, and Stretensk in rapid communication with one another, as has already been shown, but it will bind the Kaidolovo-Stretensk section of the Siberian railway, which now suddenly ends on the Upper Amur, to the Pacific Province railway system. This Kaidolovo-Stretensk section, which turns due north from the main Trans-Baikal line and continues until it reaches the Amur, has ever since it was constructed been largely a railway in the air; and although it was actually used during the war to forward large quantities of supplies to the Amur river, down which they might travel in steamers and barges to the field forces, its usefulness was limited

to the ice-free season. Its extension along the Amur will, therefore, have much importance.

Turning to Siberia proper, or the regions traversed by the railway from Cheliabinsk, which lies at the foot of the Urals, to Irkutsk, which is but twenty-five miles west of Lake Baikal, the following programme, it is authoritatively stated, has been decided on. The first extension is the building of a new railway-link which will connect the town of Tiumen—which lies to the north of the Trans-Siberian railway and is at present the terminus of a second railway from European Russia—with Omsk. This extension will, therefore, have much the same effect as that of doubling the line from Cheliabinsk to Omsk—a distance of 750 versts—and will not only be more economical than mere track-doubling, but will naturally aid the development of the country far more than the mere addition of a second line of rails along the Siberian main track. But from Omsk due east to Tomsk, a further distance of 800 versts, the Trans-Siberian railway is to be boldly doubled, so as to provide an outlet towards Europe for the enormous agricultural energy which is stored up round the great river-system lying between Kansk and Achinsk. The doubling of the track in this Omsk-Tomsk section, coupled with the other step which has been mentioned, will thus have the practical effect of leaving a rail-length of only 1,500 versts, or one thousand miles, of single track between Tomsk and Irkutsk.

It is proposed to extend the track-doubling very

slowly in coming years eastwards from Tomsk to Achinsk, a distance of 325 versts, as soon as the development of the country warrants it; then on from Achinsk to Krasnoyarsk, a further 160 versts; and finally from Krasnoyarsk to Kansk, another 230 versts; leaving the remaining 800 versts eastwards to Irkutsk as it now is, and not troubling about the Lake Baikal to Kaidolovo section in Transbaikalia.

But the last mentioned extensions eastwards from Tomsk are not contemplated at present; they are only outlined to show the piecemeal policy of keeping pace with the natural development of Siberia which is now in high favour in Russian Government circles. To recapitulate, it may be said that the lines which are actually to be built as soon as possible are (*a*) the Stretensk-Khabarovsk extension, say 2,200 versts; (*b*) the Tiumen-Omsk junction-line, 550 versts; (*c*) the Omsk-Tomsk track-doubling, 800 versts; or a total in all of 3,550 versts. Yet although 1,500 versts of road between Tomsk and Irkutsk—and from thence on to the Russian Far East—will remain a single-track line, plans will lie all ready permitting these sections to be doubled with the greatest possible rapidity at any unexpected moment; and it is believed that by accumulating the necessary materials at each sectional headquarters, and by drawing on the large rural populations for great numbers of labourers in each district, it would be an engineering possibility to double the remaining track at the rate of thirty or forty versts

a day. Thus, when the new extensions and improvements have been completed, it will be merely a question of a few months' high pressure work, such as was expended on the Circum-Baikal railway, to give the Trans-Siberian railway the full value of a double track along its whole great length.

More important, however, than such a consummation is the new scheme which is to be put into operation as soon as the war settlement has been fully completed, and which has the highest importance in view of the fresh possibilities it opens up. This is nothing less than the connection of the Trans-Siberian railway with the Merv-Tashkend railway in Turkestan, better known perhaps as the Trans-Caucasian railway system. It is proposed to run this new line from Tashkend *via* Semipolatinsk to Tomsk, a distance of about 2,000 versts, thus tapping a great region at present effectively isolated. This large work, should it be undertaken shortly, will tend to emphasise the fact that Russia not only encloses the Chinese Empire on the north and on the north-east, but on the west as well, and that all the Russian dominions in Asia really form one homogeneous whole, requiring only to be knitted together and properly developed to be completely independent of the mother country. The building of such a railway as the Tashkend-Tomsk line would, however, have great strategic as well as industrial, commercial and general importance; it would allow the strong armies which Russia maintains in Turkestan and Central Asia to be transferred to the East by an independent

railway operation which would not encumber the Siberian railways until within a comparatively modest distance of Lake Baikal. In the event of such a deplorable thing as the dismemberment of China ever occurring, or in the event of a new Far Eastern war, such a railway might prove invaluable. In the first case it would permit of the rapid occupation of Kuldja, Hami and all the slopes of the Tienshan mountains, and from such points preparations could be made for a movement carrying the Russian flag far into Central Asia. In other words, such a railway would facilitate in a most signal fashion an advance all along the line from Andijan to Lake Baikal, that great south-easterly advance which may yet come if China ever finds herself in serious difficulties again. With such a railway, the mobile Turkestan forces might be transported at a moment's notice to Tomsk or elsewhere, and their garrison duties in the Khanates of Central Asia taken over by bodies of reservists from Russia, who would enter the country by the Krasnovosk section of the Turkestan railways.

From an industrial point of view, also, the influence of this railway would be hardly less remarkable. It would allow a raw product, such as cotton, which is beginning to be raised in great quantities in this south-western corner of Russia's Asiatic dominion, to be quickly carried to the great Siberian centres, thereby allowing textile manufacturing to be commenced on a scale commensurate with the future greatness of the country. These points are now

well understood by Russian officials, and it is only because the immense sums of capital which are necessary to complete this comprehensive programme are lacking, that there is still so much delay. The 3,550 versts of extensions, to which extended reference has already been made, call for the immediate spending of at least 200 million roubles, or more than twenty-two millions sterling; the Tashkend-Tomsk line, which in many sections would be a difficult line to construct, would probably cost approximately the same sum, whilst its completion would necessitate the immediate taking in hand of the doubling of the Trans-Siberian railway from Tomsk eastwards, for the increased development and intercommunication in Asia would bring about a greatly increased traffic. Already this Siberian railway traffic has grown to such proportions that there are now five express trains a week from Irkutsk, all of which are overcrowded, whilst the ordinary traffic and the goods traffic have more than doubled since the war. What the St. Petersburg Government is only waiting for now before it puts its plans into execution is a very new thing; it is the mandate of the Duma to carry out a definite scheme of the Japanese type. Until that mandate is obtained, extreme caution will be the keynote in Russian policy; and although railway building is a necessary step in the methodical forward movement of Siberia, no such sums as £50,000,000 sterling—the sum now needed for the complete railway programme—can be spent until fresh borrowings in

neutral countries can be undertaken, with some guarantee from the representatives of the Russian people that a policy of consolidation rather than one of expansion is really contemplated.

A step emphasising that very important fact—the present self-sufficiency of Siberia—is, however, being already ordered by the military authorities. This step is designed to make Siberia ultimately independent in the manufacture of all warlike stores and munitions. The details of this important scheme are still kept secret, and it would be foolish to suppose that arsenals, small-arms and munition factories, clothing and general equipment establishments, can be suddenly created by army orders. But the first steps are being taken by the foundation of artillery depôts, on a very large scale and with a number of special establishments attached, both at Irkutsk and at Chita, the provincial centre of Transbaikalia. These depôts will contain some 1,200 guns, comprising many pieces of the heaviest ordnance, which were transported to the Far East during 1905 but which were never used during the war; they have been kept until now at Harbin. With these guns will of course also be great reserves of ammunition. Further, investigations are now being conducted at the Petrovsk Ironworks in Transbaikalia with a view to converting these works to army uses. They were established very long ago—to be exact, as far back as 1790—principally with a view to supplying iron to the Nerchinsk mines and to the many Siberian gold-mines belonging to the

Government. The works are now fitted with the most modern appliances and are to be greatly enlarged and improved, doubtless with the intention of eventually turning them into an arsenal. A project is also on foot to establish a small-arms and ammunition factory either at Irkutsk or at Tomsk, or at both, so that both the forces in the Russian Far East and the great reserves of men in Eastern and Central Siberia may have not only their military storehouses in their midst but also the necessary factories and arsenals as well. When it is remembered that centres such as Irkutsk, Omsk, Tomsk and a dozen others have now great numbers of tanneries and establishments for turning out clothing on a wholesale scale, it is not hard to believe that in the near future the Siberian soldier, from the sole of his feet to the crown of his head, will easily be fitted out for field service by his new country and kept supplied with all he needs from his native soil.

The numbers of this Siberian soldiery must also be considered. Before the war the organisation of the only two Siberian army corps existing was of a provisional and defective character. Infantry divisions did not exist, and cavalry divisions were not included in the army corps, which had also fewer guns than similar European bodies. As the war went on, the organisation of the Siberian army corps was gradually improved, and their number increased from two to seven. But the infantry battalion *dépôt* system, designed to keep the units at the front supplied with men, was likewise merely provisional

during the war, and as it worked badly, it is understood that the entire Siberian military system is now being thoroughly reorganised and much expanded. The great increase which took place during the present year in the peace establishment of the Russian army—the annual draft being raised to 559,000 men, or an increase on the former establishment equivalent to fifty per cent.—will be reflected in Siberia, where the population provides an annual contingent of young men which cannot fall far short of 100,000. Indeed, young men are so numerous that it has been calculated that Siberia alone could even to-day provide ten army corps. The actual number of troops which Russia will retain permanently in Eastern Siberia, Transbaikalia and the Amur military province, is now stated to be fifteen field and reserve divisions, each of sixteen battalions, or a total of 240 battalions in all, compared with 136 mobile battalions which she had in the Far East in 1904. The Russian cavalry strength in East Asia has likewise been increased, whilst the artillery has been made very powerful indeed. There are now no less than sixty-three batteries, ten heavy mortar batteries, and forty-six siege batteries, whilst the Vladivostock fortress artillery has been raised to twelve battalions. With the 25,000 Manchurian railway guards added to these figures, Russia will permanently possess a force of a quarter of a million men beyond and around Lake Baikal: and within six weeks this force could be strengthened to half a million by drawing on the Siberian reserves.

It will thus be seen that Russia, the shipless and land-locked Power, depends now on nothing but the efforts of her people ; and those efforts must be closely studied, not so much in the real Far East or at home, as in the great Empire in the making between the Ural and Lake Baikal.

CHAPTER XI

INTO THE JAPANESE LINES

THERE is something almost tragic, after one has become saturated with Slavism—its enormous inherent strength and its equally enormous failures—in the simple act of entraining at Harbin for Southern Manchuria and the Japanese lines. For as you stumble forward in the dusk over the treacherous railway metals—for the southward-bound trains leave at night—you gain a sudden conviction of the truth of the saying that all the world's a stage, and all the men and women merely players. Here, as it were, you survey from draughty wings the discarded scenery of what has been an act of one of the most eloquent and quick-moving tragedies probably ever acted. It is so recent, this Manchurian tragedy, that its meaning is none too clear. You dimly feel that it has been great; but how great we cannot yet know. A war is a terrible act of surgery without anæsthetics; when the operation has been on such a scale as the Manchurian conflict, its psychology should be closely studied until the after-effects have entirely disappeared.

The Russian train for the Japanese lines is discreetly drawn up in the dark, far from the glare of the great station, and leaves quite silently, as if it, too, were ashamed of its task. Passengers on this train are few and far between. The Chinese, because of the *hunghutzu*, have decided that all travel had best be postponed for a term; and as for Russian passengers, why should they wish to survey the scenes of a chapter of disasters, which ended with the last disaster of the Portsmouth surrender?

Yet Russian passengers there are—a few women, more men, and some officers going south to Kuan-Ch'êng-tzu, the terminal station. They find the train with difficulty because it is so shamefacedly hidden away; and at last, with a single mournful blast from your ponderous locomotive, you are off. "It is the Kuan-Ch'êng-tzu train," people hunting in the dark for trains for happier destinations say in a curious manner. They mean perhaps Kuan-Ch'êng-tzu, the last citadel of a crumbled railway empire. That is the *sous-entendu* which it is not necessary to speak aloud, but which these Russian Manchurians have in their minds. In the train, too, you will be quick to discover that amongst the few passengers there is a new feeling—a feeling which you have not met with in all your previous four thousand versts of travel by rail and by road. A pensive sadness, which is quite understandable, seems to have replaced the hopes and fears which are to-day manifested in the coast province, on the Amur, in the purely Russian

sphere of Manchuria, in Transbaikalia and elsewhere. This is no longer an ordinary railway journey; it has suddenly become a pilgrimage at the end of which will rise the flaming sun of Japan. To Russians the suggestiveness of this short voyage is immense.

The passengers are not tongue-tied, even though you be an Englishman, which means to them a cool and calculating ally of a still more cunning rival. They will speak indeed very freely; for although you are separated by the decrees of privileged parchment, they know that you are bound to them by certain ties which no men, not even statesmen in their studied re-shaping, can upset—ties which one day must assert themselves. Such ties are deep-embedded in colour, in religion, in speech, in a hundred small things which are nowadays too soon forgotten in the excitement of contemporary history-making. It is curious, and perhaps a little incongruous, that as a direct result of a great modern clash of arms in Asia, men in these latitudes should suddenly wish to remember that many ages ago, when the world was very quiet and very young, a vast migration of white-skinned peoples took place, which carried the peoples from Asia into Europe, made Europe, civilised Europe, and finally in the fullness of time gave birth to a lust consuming all these peoples to conquer, not only all vacant or partially vacant land throughout the world, but also their own densely-populated cradle, Asia itself. Now, many centuries after the time when Europe

was pleased to learn the secrets and philosophies of the East, Asia in turn is learning—better than men have ever imagined would be possible—the very accomplishments matured in temperate climes by its old-time emigrants. These various accomplishments Asia is now fitting and adapting to the necessities of the Eastern hour ; it is already rebuffing, and is perhaps intent on further rebuffing in a manner which no foreigner to these lands may know, the aspirations which have been natural to the white man ever since his vigour impelled him to follow the path of conquest. It is with such reflections that you journey to Kuan-Ch'êng-tzu, the frontier of the disrupted railway province ; and in the early morning, having crossed the upper bend of the Sungari river, you reach the last verst of Russian control.

Kuan-Ch'êng-tzu, a station of the first-class of the old Russian Manchurian system, seems very big and very lonely in the morning air, because for the moment it is the terminus of a line leading to nowhere. Massed together, as if to lend what comfort they can to one another, are a few last long strings of Russian passenger-coaches and goods-waggons, drawn up like the Old Guard which was too proud to flee. In the station there are hardly any Chinese—no bustle, no movement, although the Chinese city of Kuan-Ch'êng-tzu has a quarter of a million of inhabitants. Those who are there are a few carters waiting for fares ; and these have the unchangeable aspect of men tiding over on a falling

market. Farther away are a few Russians and some railway-guards; beyond this again some Cossack cavalry in bivouac, who form the rear-guard of the remnants of the Russian field-force, falling back before the Japanese railway advance. Section by section the railway has been handed over along the one hundred and twenty all-important miles lying behind the lines of Linievitch's grand front of August, 1905. Here, on the spot, one wonders whether Monsieur de Witte, at Portsmouth, really understood the railway question, for these last miles of line have immense strategic importance; for they are the key to the Upper Sungari, and the Upper Sungari is the key to the great Sungari wheat-plains. The deserted aspect of Kuan-Ch'êng-tzu station reflects the mood of the hour. According to the Peace Treaty, it is to form the terminal point of the Russian and the commencement of the Japanese system; but nothing having as yet been settled by the Delimitation Commissioners, the Chinese are suspicious, the Russians are standing aloof, and the Japanese are holding back. In the deserted buffet-room, designed to seat hundreds of people, I ate my breakfast in gloomy silence. The Russian *restauranteur*, in whose hands remains the dubious right of feeding the travelling public, eyed each mouthful wistfully from the discreet middle distance. Times had indeed changed: gone for ever were those rouble-spending crowds which once thronged his rooms. During the last stages of the war, he assured me, he had been feeding sometimes as many as a

thousand officers a day, and just before peace had been signed a whole new army corps had arrived in forty trains. I hastened this dismal meal, paid for the last time in rouble currency, and took my leave. Outside waited a Chinese carter, the proud possessor of a Russian carriage and two weedy Transbaikalian ponies, which had doubtless been purchased from their erstwhile owners for a mere song. Jumping in, with a prayer that *hunghutzu* would not swallow us up once we were out of sight of the soldiers, I signalled for the advance. The Japanese lines lay to the south—how far I could not exactly learn; it was necessary to drive a vague distance along a deserted highway. We started off at a gallop, and soon our only sense of companionship was afforded by the sight of the shining metals of the deserted railway strip. The road ran exactly parallel to this, and for an hour or so it was my fortune to contemplate a very modern development of war—a captured railway section lying derelict until the new owners officially come to terms with the old. Travelling in an abandoned Russian carriage parallel to an abandoned Russian railway would indeed have been bereft of all exhilaration had it not been for the threat of lurking *hunghutzu*. For there was not a soul on this highway; nothing; only the silent metals of the railway and the singing of the lonely telegraph posts. Somehow it was unpleasant as few things can be; it was some of the discarded scenery of the great tragedy.

Presently, however, as we drove rockingly along,

dots began to appear—blue dots hurrying along in Indian file (which is also Chinese file)—and my carter, hoisting his weedy animals to a halt, scanned these oncoming figures with anxious eyes. “Passengers,” he said at last with a slow grunt of satisfaction, showing what he had at first half feared; “passengers from the south,” he added. So he drove on once more, cracking up his steeds to an ambling gallop over the dusty plain; and, as we reached these hurrying dots, we found that they were wayfarers as anxious as ourselves as to the safety of these unpatrolled and deserted highways. Each man carried a big bundle on his back, each had his head encased in a travelling cloth; they were thus manifestly disclosed as passengers from the south. “How lies the road to the south, elder brother?” chanted my carter to their leader in the vernacular. “Is all quiet?” “All is quiet on the road to the south, and a train has just come in,” came the reassuring reply. “But we travel many together, and we have some guns and some swords,” he added in a warning tone, as if he were not quite sure that a carter who drove a Russian team attached to an old Russian carriage and had a white man and his traps for his dubious cargo, was not somewhat to be feared. Armed they certainly were, as he justly observed; for the forty or fifty Manchurian louts hurrying on his heels had each a stout quarter-stave and a cloth bundle hiding some weapon. It was like old times, this—we were in happy *hungkutzu*-land, where everybody goes duly prepared to be robbed.

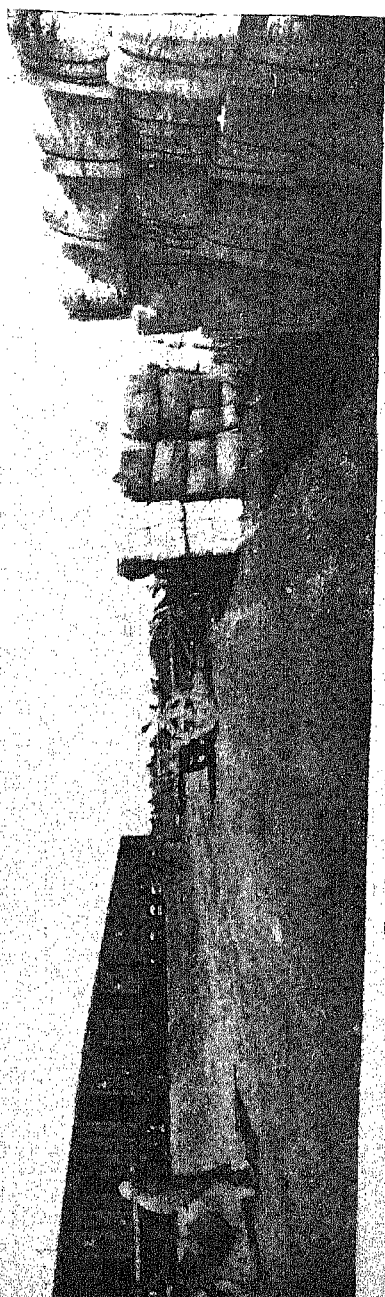
Passing these travellers from the south, Chinese mercantile assistants whose masters, with nominal peace in the land, are more alarmed than ever at the outlook, we at last saw signs ahead which showed that we were entering the Japanese lines. First of all I caught sight of a pair of red trousers moving over a field and disappearing behind some trees in order carefully to survey me unseen. That was a Japanese gendarme, I knew, for once seen never forgotten. Then from across the plain—far to the south—came the thin shriek of a narrow gauge locomotive. The gauge-changers were steadily at work, I knew, shifting the gauge metal by metal from the Russian five-foot mark to the Japanese measurement, which is three feet six inches. Full of confidence now, we climbed out of the sunken roadway and slapped with irregular jumps and kicks straight across the unploughed fields to reach the railway track. The telegraph poles grew closer, and square blocks, standing motionless, showed that closed waggons had been pushed forward and left standing on the track. We hurried on; and there, standing alone in solitary glory, we came upon the last Russian carriage, drawn up fifty yards to the north of a dozen stumpy little Japanese waggons. It was fixed immovably into place by the stacking of spare rails behind it; ten yards to the south was a rough piece of boarding, hammered on to an uprooted tree and covered with Japanese hieroglyphics. This was the line of demarcation between the two railway spheres—

the Russian railway carriage, abandoned and ponderously shut in a pile of rails, marked the Russian side; the piece of Japanese boarding covered with Japanese lettering showed the limit of the Japanese advance. It was just exactly seven miles south of Kuan-Ch'êng-tzu station as near as could be measured on a scale map. The scene was an historic one; but as I drank in the details the red trousers skirmished nearer and nearer. We must move on.

So we cantered down on to the line of motionless Japanese waggons, and on arriving discovered a few little Japanese half asleep inside. This station—it was the temporary Japanese terminal station—had, we learned, only been established eighteen hours before. The rails were hardly yet settled to their new gauging, and Japan, since there was plenty of time, was obviously in no hurry. I dismounted and pushed on to discover further signs of life. Along the banks of a sheltered roadway I found them—numbers of hawkers and open-air *restaurateurs*, just completing their first arrangements. They also had just arrived—in the early hours of the morning. From villagers near by they had purchased great stacks of *kaoliang* stalks, and with borrowed spades and mattocks were now rapidly evolving a rough-and-ready village of “lean-to” huts, where travellers from the north and from the south, who would doubtless soon be arriving in numbers, might eat and refresh themselves. I was in luck; I was the very first man to come through to this new station.



ARRIVAL IN THE JAPANESE LINES.



THE BEGINNINGS OF JAPANESE COMMERCIAL ACTIVITY.

Yesterday, even, one had to go to a point twenty miles further to the south.

I gleaned these details in short gulps of the vernacular amidst the clatter of the rising village; and looking keenly around me I slowly accustomed myself to this new atmosphere, so different from Slavism, and sought to assess the different values current in the rival Manchurian sphere. It was borne on me afresh that the Russians must be pure Europeans, for here I had now a feeling that I had just got back to Asia. Incidentally I noted that by the time the rice-pots were boiling two impromptu opium-divans had opened to business, and weary shop-assistants travelling between Manchurian marts were busy inhaling the dream-giving narcotic. I thought of the agitation of the Anti-Opium League in far-off England, and of the diatribes of those who are not to this our Eastern world accustomed. Opium, be it remarked, is the secondary staff of life where beats hot the sun and foul malarial stench rises; and so may it be, with the permission of Allah, to the end of time. And munching my little millet I listened to the new gossip of the road. It needed but little to assure me that the Japanese, the liberators of yesterday, were already in hot disfavour. How they were cursed!

As we talked on, exchanging our news and views, there was more flutter of red; but this time it was not trousers of a prowling gendarme. There was a clatter of *geta*, or Japanese clogs, some gay laughter; the red heralded the coming of *mikoshi*,

or the erring sisterhood of Japan. These fore-runners of the coming invasion, who had advanced so fearlessly with the taking-over of the railway, came laughing down the lane in search of diversion and news. After their tiresome journey seated on railway sleepers anything was good; and therefore, spying a white man seated on the ground beside his traps, they forthwith garrulously demanded news of the great and profitable Beyond towards which they were bent on journeying as quickly as possible. They were on the way to the Russian markets, so long closed; what, therefore, of these markets? In the Mongol-Russian they demanded information of what was really going on amongst the Russians, and by their questions disclosed the fact that they were of the old brigade which had frequented the country before the war, and now, apparently, wished ardently to frequent it again. I opined to them that things were bad, and told them with illustrative gestures of the great demobilisation which was following the military withdrawal and was choking the home-going trains. Little people such as they, I supposed, were at heavy discount. The magnetic north, however, lured them on; and, most persistent of Japanese, these little fragile-looking *mikoshi* crowded into the carriage I had just vacated, with their small bundles and baby satchels for sole baggage, all anxiety to be first in the northern field.

Marking thus these new quantities, I found my local bearings; understood that a slow construction train would lumber south in the middle of the

night, and made my necessary arrangements. Then further investigations were possible, for there was much time.

In a little brick guard-house, once belonging to Russia's Manchurian railway guards, I ran to earth the gentleman of the red trousers and several of his confrères, who remained safely ensconced here in reserve, the watchful ears and eyes of advancing Japan. A room had already been fitted up as an office by these diligent servants of an all-powerful Mikado—how orderly are the Japanese!—a telegraph instrument was noisily clicking, and on the walls were telephones. They offered me the freedom of their premises, and we discussed politics and men in scraps of sundry languages. The gauge-changing and the railway had been practically completed up to this point; in ten days this station would be officially open to traffic, and would remain so until the slow hand of diplomacy had decided exactly what the Portsmouth Treaty meant when it said that Kuan-Ch'êng-tzu station was to be the dividing point between the rival systems. They—the few gendarmes, and a few secret-service men—were compiling preliminary reports of what the Russians were planning and doing seven miles to the north; could I tell them anything of interest? How different from the carelessness of the Russians!

I told them such trivial things as any man might have gleaned by keeping his eyes and his ears wide open; and informed them that in my humble

opinion we were sitting almost in the very centre of the second of two spots which, if hostilities ever broke out again, would decide during the first thirty days of the war what the end of that war would be. The other spot was the Tiumen river crossing beyond the camp of Nicolsk. Thus exchanging unimportant scraps of news and of opinion, I realised afresh how intent is Japan on entrenching, as she has never entrenched before, on this important Asiatic mainland; how intent on being strong and ready for all eventualities.

By the late afternoon, a mile or two to the south of this, the organisation of this growing station had been marvellously advanced. Great stacks of materials had been dumped down by fresh construction trains, and Japanese shift-bosses were now directing large gangs of Chinese coolies who were raising a mud platform. Exchange banking of a sort had also started, and a little Japanese, carrying a Japanese sword in a cloth cover, and furnished with a fat leather portfolio, was exchanging Japanese bank-notes against Russian notes—at a profit of twenty per cent. Spying me, he forthwith did a deal. Henceforth, he explained, nothing but Japanese notes were current; I had better buy. Trading had likewise commenced—not the petty retail trading of the Chinese, but wholesale dealing. For news had been already carried into the big city of Kuan-Ch'êng-tzu the night before that at last trains from the south were coming through, and Chinese dealers had accordingly despatched large

caravans of grain to the temporary station so as to have the first call on the empty waggons flowing back. Hundreds of long Manchurian carts, laden with wheat and the great Manchurian staple, beans, had now arrived and were already discharging their cargo; and in very little time mountains of sacks began to grow up, proclaiming what a future railways in this great agricultural country would have, were they under the absolute administration of clever and open-minded people. In such hands Manchuria in twenty years might almost have the importance of India; for Hong Kong proves that the possibilities contained in Anglo-Chinese commerce are many times greater than those in Anglo-Indian. There is no limit indeed to what is possible; but in Japanese hands there will be wholesale and restrictive discrimination.

I stood deeply impressed with these new signs of a coming traffic so suddenly springing up, and reflected on the divergent ambitions of Russia and Japan as expressed on the two sides of a narrow neutral strip of seven miles. Japan's ambition is for profit—immediate and unmistakable—profit in land-holdings, in commerce, in prestige, in everything. Russia's ambition is, or has been, merely territorial; it expresses itself in a lumbering and happy-go-lucky individualism, where the Japanese have entrenched themselves. The freedom of the veld is now to be exchanged for the cramping influences of a system based on the control of human beings by mathematics—by a *reductio ad absurdum* of what was

originally clever, inasmuch as it was suited to the needs of an isolated nation. These things are forcibly borne in upon the traveller immediately he enters the Japanese lines ; and although there are compensations for the loss of Russian freedom in exactitude—a substitution of definite ideas, definite data, and definite plans—which contrasts strongly and favourably with the confusion of Slavism, the compensations are not sufficient for the curious irritating restriction which has been referred to. You have been swallowed up by a machine. You know that everything, even the little gendarmes in red trousers in their improvised quarters, is held tight by Tokyo ; that everything is watched over, fostered and directed on a set plan from Tokyo ; that everything is slowly being bound by regulations and by red-tape, so that those who penetrate within this system shall soon abandon all hope of fair play and equal opportunity. And as to these is added the Japanese desire to benefit to the maximum possible, in the shortest possible space of time, it is not to be wondered at that the disabilities of the new system strike the local inhabitants with greater force than they do the observer. For in the Japanese sphere of Southern Manchuria, as well as in Korea, the Japanese system not only must control everything, but must be made to benefit pecuniarily from such control by diverting all possible profits from the pockets of the local inhabitants, as well as from the pockets of neutrals, to those of its own people. It must spend little and account clearly and definitely

for every farthing spent ; and for every such farthing it must attempt not only to receive a penny in return, but also to lay the foundations of a great future prosperity for the Japanese immigrants into the country.

A combination of all these facts, which are already vaguely realised by one of the shrewdest populations of the world in money matters, the Chinese, has made all Manchurians incline to dislike the Japanese bitterly and to regret the late war as much as only three years ago they welcomed the idea that help from an unexpected quarter was to terminate the period of Russian domination. The very coolies at this improvised station, seven miles south of Kuan-Ch'êng-tzu, engaged in the prosaic task of raising a mud platform, showed their anger, contempt and resentment in a hundred ways.

"Look at them," cried one man, as soon as he had assured himself by glancing round that his audacity would not be punished ; "Look at them and their little bodies, their little heads, and their slowness. They only understand one way, which is their way. If you tell them anything, how long do they take to understand, how unwilling are they to listen ! They are polite to one another, but rude and rough to us. They pay hardly enough to allow us to buy our day's food. Truly the Russians are a thousand times better." Thus a spokesman of the sentiments of those few millions of Manchurians who, because of the criminal weakness of the Central Government of China, are to be dominated over by

two rival nationalities, whose geographical position and financial and political development will permit neither of them to be even ordinarily altruistic. It is, indeed, a strange position.

Boarding my train from the self-same mud platform, I journeyed towards those coasts, the command of which Russia has irretrievably lost. There is no comfort as yet on the Japanese sections of the Manchurian railway, and in the war-stained carriages which still do service hard benches are the only furniture. The speed, too, is slower than that of the worst Russian trains ; the halts are interminable ; and passengers, except Chinese of the roughest class, who can be herded like cattle, are neither present nor wanted. All along the line, however, bands of Japanese are steadily coming, coming, coming, and settling in ever greater crowds in the abandoned Russian houses belonging to the railway settlements. Forty miles south of Kuan-Ch'êng-tzu, at Kungchuling, which was Linievitch's headquarters at the declaration of peace, five hundred Japanese men and women were already established a few days after the restored line was open to traffic ; and now more were continually coming through day by day. Thirty-five miles south of this again, at Ssupingkai, marking verst 550 north of Port Arthur and the exact point where the armistice agreement was signed by the delegates of Field-Marshal Oyama and General Linievitch after the Portsmouth Treaty had been arranged, I found more Japanese squatters pouring in and preparing to lay the foundations of

the monopoly in trading which it is hoped the ceded railway will ultimately establish.

South of this point, again, the railway had been ripped up by the Russians after the Moukden retreat, and the rails carried away ; but although the communication link was thus severed, the whole of this area was in firm and menacing Russian occupation when peace was signed. Indeed the second of the three powerful lines of Russian works which made the possibility of further Japanese successes extremely unlikely, consisted of a continuous series of low-lying and well-knitted hills far to the south of Ssupingkai—positions which can be scanned from the railway and whose excellence as a defensive line is materially added to by the general nature of the *terrain* in which they lie. For the land here consists of undulating country, which is very scantily populated and which, owing to the somewhat friable nature of the soil and the immensely heavy summer rainfalls, is split up in many directions by broad water-courses—water-courses that are perpetually dry excepting for one short month, when they serve to carry off the surface water. No better vantage ground for Russian soldiery and for the tactics in which they are so pre-eminent could have been chosen ; and having knitted these far-flung positions together with strong earthen redoubts, furnished with the heaviest artillery, General Linievitch was undoubtedly justified in telegraphing to the Czar in the confident terms of which he repeatedly made use during the Portsmouth Conference. No man, seeing

the setting of the great battle which was never fought, but for which everything had been prepared, can hesitate to say that the Japanese Generals were something more than merely cautious not to risk another engagement, of even greater dimensions than the battle of Moukden, with so much against them. History will need to pay a greater tribute than has yet been paid to Anglo-Saxon moral support, of which President Roosevelt was the final mouthpiece during the late war. It indeed saved Japan from an impossible position—a position from which there might have been no escape whatsoever except in military disaster and in national and financial ruin.

Pushing on slowly in the train, with ample time to drink in such suggestive details, one at last reaches the remains of the station of Chou-an-miaotzu, which lies just fifteen miles north of Changtufu, the most advanced Japanese position when the armistice was signed. The region around this station, therefore, was also in firm Russian possession until Monsieur de Witte was magnanimous enough to cede it, and about four miles further on the remains of the advanced Russian lines begin to be seen. Stumpy little hills and undulating country are still the rule, showing that the Russians had a defensive belt of the very highest value extending in three successive lines from the Japanese outposts at Changtufu back fifty versts to Kungchuling, where General Linievitch presided in person. Many critics—doubtless knowing little of Manchurian topography and equally little

about the class of country on which previous experience had shown Russian soldiers are at their best—have ventured the opinion that Russia, having been driven out of the mountainous regions of South-eastern Manchuria without too much difficulty, could not have expected to have remained firmly seated in the face of repeated Japanese assaults in a country less favourable for a defensive policy, that is, in this highly interesting area. Such criticism is surely prejudiced. By August, 1905, thanks to the almost superhuman exertions of the railway, Russia had at last obtained a numerical superiority in the Kungchuling, Ssupingkai and Chou-an-miaotzu districts, and that superiority was being quickly increased. Further, not only had she obtained the advantage of numbers, but she had massed artillery-parks infinitely more powerful than those possessed by the Japanese. This numerical and gunfire preponderance was made more menacing by the superiority of positions, for Nature had at last come to the rescue, and had arranged a most advantageous battle-ground on which the Russian forces could lie impreguably entrenched in deep and secure formations reaching back nearly forty miles, until such a moment had arrived when an advance in overwhelming strength could be made on the enemy. Only on the Russian right wing, extending far across the theoretical boundary line of Mongolia, was it possible for the Japanese to attempt a flanking movement—the “round-up” of the newspapers; for the Russian left wing lay quite secure in mountainous

positions south of the Heilungchiang districts which could not be turned.

It was on the Russian right wing, then, that the Japanese had been concentrating their efforts up to the time peace was made ; they had been ceaselessly extending and extending their formations in the hope that the completion of their plans would allow their armies massed west of the railway (*i.e.*, on the Mongolian side) to swing in and "round up" the entire Russian army. But this strategy was defeated before it was well developed by the constantly growing numerical superiority of their adversaries. As fast as the Japanese extended their left wing the Russians extended their corresponding right wing still faster, and the enormous cavalry strength Russia at last possessed—about 40,000 sabres in all—permitted her to maintain a preponderance of mobile observation-corps posted far out to the west, on the Mongolian grass-lands, thus making any repetition of Nogi's fast turning movement, which distinguished the battle of Moukden, quite out of the question. It is now an open secret that General Baron Kodama's ultimatum to the Japanese Palace Councils held in Tokyo during the momentous month of August, 1905, was simply "Two hundred thousand more men at once, with reinforcements to follow, or peace on the best terms which can be secured." Japan could undoubtedly have sent 200,000 more conscripts of a sort ; but it is doubtful whether her finances would have stood the beggar-my-neighbour method of warfare which Russia's preponderance in

reserves of men and materials, and the indecisive nature of the campaign in Southern Manchuria, had at last made necessary. For had 200,000 more men been sent, a grim battle would have been risked as soon as the last reinforcements had arrived; and the Japanese leaders, relying on the dash and heroism of their battalions, would have attempted to secure another doubtful victory of the Liaoyang type. But these leaders, with that genius for taking detached views which is so peculiarly Japanese, knew perfectly well that Linievitch, a tough old soldier of many campaigns, would act quite differently from Kuropatkin, and would stand firm to the very last gasp. The highest Japanese Staff officers have reluctantly confessed this to me.

Such a battle, it may therefore be assumed, would have meant losses twice as great as those incurred at Moukden and the necessity of further reinforcements, totalling several hundred thousand more men, being sent all through the winter of 1905-1906, and would have heralded a spring campaign on a still greater scale than that attained in the spring of 1905. Financially it would have meant doubling the Japanese monthly military expenditure—raising it from Yen 65,000,000 a month, which it attained after the battle of Moukden, to Yen 120,000,000, and thus making the total cost of the war at least twice what it has actually been, Yen 2,000,000,000. From every point of view, therefore, the prospect must have been not only grave, but actually terrifying to those who really knew how things stood;

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and the final doubtful victory which Baron Komura secured at Portsmouth must in the circumstances be classed as the most remarkable of all the remarkable things done by the Japanese soldiers, sailors, financiers, and statesmen during two epoch-making years. Had even such a weak and opportunist diplomat as Monsieur de Witte been properly informed, as he should have been, of these considerations, England's ally would have been glad to abandon all claim to Saghalien and to agree to a far less advantageous position in Southern Manchuria. Of this there can to-day be no doubt, and it would be well if a general appreciation of the significance of what Japan accomplished by her masterly diplomacy were had by all observers. For the safe-guarding steps she is now so intent on are dictated principally by the necessity of hastily securing after the war what she failed to achieve by her successes in the field, and only managed to obtain from Russia owing to the collapse and the discredit of the Russian War party and the increasing disorders in the provinces of both European and Asiatic Russia. The grave disqualifications inherent in a policy based upon a desire to make permanent capital out of meretricious successes are therefore to be discovered everywhere among the Japanese in Southern Manchuria; and critics who profess surprise that Japan should have given the neutral world to understand one thing and should now be acting radically differently, show that in their studies they have not grasped what is fundamental and vital in the whole matter—

that under cover of the Portsmouth and Anglo-Japanese Treaties (instruments which render all retaliation impossible for a term of years), Japan is securing all those things which she failed to gain by her prowess in the field.

Seldom has such an extraordinary aftermath of war been seen; and it is possible only because of the great distance which separates Europe and America from Manchuria, and because of China's singular impotence. Many Russians now know and appreciate these facts and bitterly regret the evil day when Monsieur de Witte, with his eyes constantly over his shoulders on the spectre of revolution, suddenly discarded the traditional Slav policy of procrastination—which would undoubtedly have won the day—and adopted what he thought was masterly and open-hearted treating which would gain for him and his country the sympathy which was so sorely needed. Never has fate been more ironical and cruel, for everything has worked out differently. It is interesting to reflect on these matters, seated in a hard-benched railway carriage halted on the exact spot where the Russian and Japanese outposts hidden in man-pits faced one another for so many weeks, separated only by five hundred paces. And when to the evidence of one's eyes are added subsequent investigations on the spot, reinforced by unpublished and confidential data, it only needs one thing more to make absolutely certain there can be no mistake. That one thing is the frank expression of opinion on the part of

Japanese staff officers, which has already found its way into most of the chancelleries of Europe, and has made diplomatists finally realise that most of the *post-bellum* reshaping of the Far East has been due to an intangible moral force which they cannot combat.

At the station of Changtufu—not to be confused with Changchun, which is the popular and incorrect designation of Kuan-Ch'êng-tzu—the limit of the zone which the Japanese had actually occupied, thanks to the impetuosity of their soldiery, is reached. Changtufu marks exactly verst 500 from Port Arthur ; and as Kuan-Ch'êng-tzu marks verst 660 from the same place, it is seen that Japan by her Portsmouth diplomacy actually gained 160 versts, or 106 miles, of additional track on the highly important Central Manchurian railway. Just a few miles to the north of this station is a small mass of hills where a powerful Japanese force was entrenched, armed, it is believed, with some of the famous Port Arthur 11-inch howitzers. This was the most advanced Japanese line in the immediate vicinity of the railway zone: though to the west, that is on the Mongolian wing, flanking forces had been thrown much farther forward. It may be said, then, that legitimately Japan could therefore only claim the railway as far north as Changtufu. From this terminal point—up to which during the last stage of the war the Japanese military supply trains were running continuously at the rate of one train every ninety minutes of the twenty-four hours—

and from other points farther to the south, light Décauville railways, now torn up, were spread out to the various field armies and furnished them from day to day with supplies. Immense preparations had been made by the Japanese military authorities for the battle which was never fought; and even now, as one travels down the line fifteen months after the signature of peace, the work of shipping home these enormous army supplies still goes on unendingly.

There can be little doubt that the Japanese fully realise that the greatest of the minor victories won by Baron Komura in the conference chamber was really the cession of the 106 miles of railway to the north of the occupied zone ending at Changtufu station. Among neutrals, however, nobody appears to have understood what an important influence this cession may have on the future of Manchuria—nobody, except perhaps a few Russian experts, who shake their heads gloomily when the matter is mentioned. Briefly, it means that the key to the Sungari wheat-plains will practically be in Japanese hands, as soon as they have completed the reconstruction of the whole railway up to Kuan-Ch'êng-tzu. For at Kungchuling, which is sixty railway versts south of Kuan-Ch'êng-tzu, one passes from the basin of the Liao river to that of the Sungari; and from Kuan-Ch'êng-tzu to Kirin City, which commands the crossing of the upper Sungari, is only seventy miles due east by road, which will soon be covered by a railway. Further,

as Japan can easily enter this vastly important Kirin province from north-eastern Korea owing to her domination of the "Hermit Kingdom," she will always be able to menace from two sides what must continue to be a strategically vital point so long as Russia depends on the Trans-Manchurian railway for her communication with Vladivostock, the Pacific province, and indeed the whole Russian Far East. For the occupation of Kirin City by a mobile Japanese force would bring Harbin and the Trans-Manchurian railway into danger, and would make them as much hostages in Japanese hands (unless overwhelming Russian defensive forces could be assembled with lightning rapidity) as the occupation of Nicolaievsk directed from Saghalien would surrender the whole region of the lower Amur. The Russians in Manchuria understand this very well; and consequently whatever popularity Monsieur de Witte enjoyed as the creator of the railway empire has now completely disappeared.

Yet the Russians in Manchuria have been very busy explaining to one another exactly why the principal Russian Peace Plenipotentiary acted as he did in the matter. They say that it was due—as usual, they add smilingly—to a mistake. The Russian Headquarters Staff in the field had furnished, it appears from such gossip, full particulars regarding the Chinese nomenclature of the lines actually occupied by the rival forces, and the advanced line of hills, named Kuang-cheng-ling, was confused by Monsieur de Witte with Kuan-Ch'êng-tzu—hence the cession

of the additional strip. The explanation, ingenious as it is, is quite incorrect. Two important members of the Peace Commission have assured the writer that the true and only explanation is that as the Japanese gave way in their original railway demand—that they should be ceded the line right up to Harbin—the Russians had likewise to make some small concession. They are now tardily proving how ill-advised was that concession by fighting for the retention of Kuan-Ch'êng-tzu station, and by urging the Chinese authorities to build the branch railway from thence to Kirin City on their own initiative, in contravention to the Japan-China Peking Treaty of December, 1905.

South of Changtufu one enters a region which, as the railway has been working regularly ever since the conclusion of peace, is already showing eloquent signs of Japanese development. At K'aiyuan—471 versts from Dalny, and only twenty miles south of Changtufu—the neighbourhood of the station is completely Japanese in appearance, and carpenters, bricklayers, masons and navvies are hard at work incessantly adding to the Japanese process. Tiehling (re-named Tetsurei), another twenty miles to the south, had already a Japanese civilian population of 3,000, which is being added to at the rate of several hundreds a month. Tiehling has been made the divisional headquarters of the strong Field Division which Japan is at liberty to maintain indefinitely in the heart of Manchuria because of the allowance of fifteen soldiers per kilometre, agreed

to in the Portsmouth Treaty. Never was there such an incentive to railway building. Indeed the vagueness of the Portsmouth Treaty in all essential details—a vagueness which justifies the condemnation pronounced by Professor de Maartens, that it is one of the most loosely drawn international instruments in existence—renders a dozen vital provisions open, not only to constant misconstruction, but to dangerous abuse. For, on the face of it, every additional kilometre of railway built in Manchuria in years to come will allow Japan to increase her armed strength by the addition of fifteen soldiers. At the present moment it is true nothing may seem more remote than the likelihood of China agreeing to such extensions; but history has afforded ample proof of the fact that fortuitous events can completely change China's decision in matters as to which she has hitherto appeared very determined. Even at present, however, Japan is entitled to maintain, outside the limits of the leased territory of Port Arthur, approximately 12,000 soldiery; within the Port Arthur reserve she may maintain as many men as she pleases, and has already announced her intention of concentrating a division there. The bridging of the Yalu, and the unification of the Moukden-Antung railway with the Seoul-Wiju railway, will mean that a third division, one of the two which will permanently garrison Korea, and whose headquarters will be at Seoul, can rapidly be brought into the country. There is, therefore, so far as the capability of the railway is concerned,

nothing to prevent Japan from steaming three divisions of troops into Kuan-Ch'êng-tzu during one night, without any more notice being attracted, until after the event, than by a similar movement in Japan itself. In such circumstances there is clearly no possibility of the present Manchurian settlement being a permanent one, and this unsettled state of affairs will continually militate against the proper development of China.

The very bands of Japanese settlers now streaming into all Manchurian towns south of Kuan-Ch'êng-tzu seem fully alive to these considerations. They come not as ordinary men and women, but rather in the guise of conquerors who are to take up the work which their soldiers abandoned until a more propitious moment should permit of a resumption. Possessing very often nothing more than the clothes in which they stand and small bundles of bedding, they have confessedly to gain a livelihood in any way that seems feasible ; and the majority of ways which are chosen do not earn for Japan much more than the outspoken contempt not only of the onlooking Europeans but of the very humblest Chinese. Prostitution has attained enormous proportions, and every railway settlement which has a few hundred males has almost half as many females who seek not only the custom of their own compatriots but that of the Chinese as well. This mark of inferiority, coupled with the political aspirations of which everyone openly speaks, has made the local Chinese amazed that a nation boasting such soldiery should

present so deplorable a contrast in times of peace. In the matter of prostitution the Japanese appear to be following scrupulously in Russia's footsteps, and every word that was written in *Manchu and Muscovite* regarding the intolerable state of affairs created by the Russian occupation of the Manchurian provinces might almost be penned anew regarding the Japanese. The atmosphere of Manchuria may have something to do with converting all alienspheres into mere *yoshiwara*; but the scandal of such a condition of things should induce Japan, instead of making high-sounding declarations abroad regarding the honesty of her intentions, to turn and deal practically with what is virtually a canker, causing the heroes of yesterday to be the laughing-stocks of to-day.

As you jolt clumsily southward in your slow-moving train, every mile nearer the sea brings more and more signs of Japanese activity. A year ago—that is a few weeks after the conclusion of peace—Moukden, although strongly held by Japanese military forces, had but few Japanese civilians. To-day it is acknowledged that there are 4,000 of such gentry, and that the formal opening of the principal Manchurian city to the world's trade will be the signal for thousands more gradually to push in. None of these people are what Europeans would call "settlers"; indeed it is grotesque to speak of a floating urban population, representing many of the worst elements, as emigrants who are going to identify themselves permanently with the prosperity of

the country to which they journey. More correct would it be to term them camp-followers, who hope, because of the new conditions which Japanese diplomacy has forcibly established in the railway zone, to gain a livelihood less precarious than that which they earned in their own country. They are therefore not an over-spill of population occurring naturally as the result of undue crowding in Japan ; it is mere foolishness for such a view to be advanced, as it constantly is. The migration of these people is simply the natural aftermath of Japanese diplomacy which, because Japan's strength proved unequal to the immense task of really defeating Russia, had to find avenues of hope for a disappointed people, when the concrete results of the war failed to give any openings of a legitimate nature. These so-called settlers, as a matter of fact, propose to live on the Chinese of Manchuria ; and in this aim they are supported by the attitude of the Japanese Government. Protests from abroad will be entirely unavailing, because Japan covers each step by regulations and agreements which give an aspect of frankness and permanency to all her acts. It is the intangible which is most noticeable to neutral observers—the silent championship and pushing of Japanese interests by ways and means which cannot be alluded to in diplomatic documents, and which even if objections were raised would be at once justified by the firm reply that they were not in conflict with any written or unwritten undertaking. The whole Japanese Manchurian railway policy—under which

term may be included everything occurring in the railway zone—is to extract to the last farthing every advantage which can be extracted, and when that has been done to leave the husk for anyone that cares to pick it up. What the ultimate and indirect result of such a policy will be, no one can yet venture to say; but the most natural result would seem to be another war, for it cannot be supposed that the Chinese will always acquiesce as they are forced to at present.

Southward from Moukden the traffic increases. The Fushun coal mines, lying in the vicinity of Moukden, are beginning to have much importance under Japanese exploitation. Even in the matter of coal mines, Japan has acted and is still acting *ultra vires*. The Portsmouth Treaty provided only that properties belonging to the Chinese Eastern Railway in the ceded sections should pass to Japan; it did not agree that Chinese owners of mines should be expropriated. Now, it is within the certain knowledge of the writer that the Fushun coal-bearing belt lying all round the upper Hun river did not belong to the Chinese Eastern Railway or to the Russo-Chinese Bank. Of three areas which had been staked out and fitfully worked, only one was really the property of Russian concessionnaires, the other two belonging to Chinese groups not concerned in any way with Russian enterprise. One group borrowed money, or attempted to borrow money, on its own security from the Russo-Chinese Bank just before the war; the other group remained

perfectly independent until it found the Japanese in firm possession of its property. It is reasonable to suppose that the Japanese have been made acquainted with these details; yet relying on the impotence of the Chinese capitalists in question, they have purposely shut their eyes and drowned all protests by pointing to the Portsmouth Treaty. The indefensibility of such actions must be patent to all observers; and it must inevitably find its own reward, no matter whether the expropriated Chinese are compensated or not. It has been the habit in the past to raise a storm of protests directly Russia acts illegally and harshly; it is time to show that Japan, in a subtle, polite, and circumspect manner, is to-day doing the same kind of thing in Korea and in Southern Manchuria, but in a far more final fashion than the careless Russian officials, acting disjointedly and very often on their own authority, ever dreamed of.

At Liaoyang, Haicheng, Tashihch'iao, and right down to the re-leased territory of Port Arthur, it is the same story—the Japanese are found treating the Chinese of Manchuria as a conquered nation, and imposing their own system as quickly and as unmistakably as possible. Liaoyang has five thousand Japanese, Dalny ten thousand, Antung eight thousand, Newchwang twelve thousand; and it is merely a matter of time for yet more thousands of men and women, with nothing to lose and everything to win, to push into the country and settle in the towns. The Chinese are not afraid to say that the methods

of all these newcomers remind them of those of the Russians immediately after the Boxer year. A policy of grab is the order of the day ; and as no redress is possible, the Manchurians, for the time being at any rate, have to be as philosophical as the Koreans.

It is indeed an extraordinary experience, this entry into the Japanese lines after traversing the Russian sphere of influence ; and it is an experience which teaches much.

PART II

THE NEW PROBLEM OF
EASTERN ASIA

CHAPTER I

INTRODUCTORY TO THE STUDY

It cannot be said that there has been any lack of literature during the past few years from which to gather a clear understanding of latter-day Japan. There has, indeed, been a surfeit of books on the subject, and in these Japan has been treated from every possible point of view. Admirers, friends, enemies, critics, students, correspondents, tourists—all have reduced their impressions to book-form, and have shown the world what in their estimate are the salient features of a surprising country. Japan has been treated as the Garden of Asia, where nothing but beautiful scenery abounds, where the people are charming and courteous, where quaint arts and cunning industries flourish. She has also been treated as the silent home of a silent nation—a nation of an indescribable reserve, yet highly dangerous, undoubtedly hiding in secret depths an ardent desire for the hegemony of Asia and to this end quietly and steadily planning the downfall of the Caucasians in the Far East. Some who write full of those first impressions of which men have been

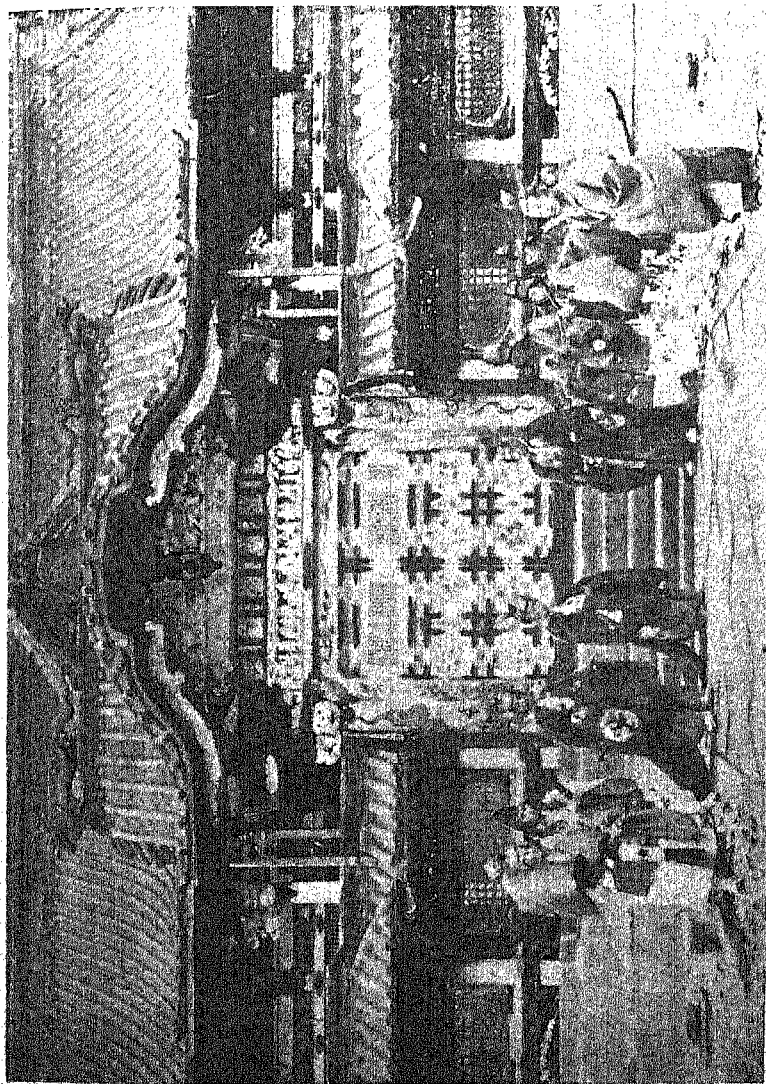
sternly warned to beware, and who seek to anticipate the scepticism which their panegyrics may arouse, protest that they cannot understand why critics should see below the surface that which does not please them, when the surface itself is at once so beautiful and so curiously sad. The critics, on their part, wring their hands with exasperation at the strange spectacle of a whole world being deluded by that which is but a mirage cast over an entire country by mere scenic effects, and insist that there is only one point of view worthy of study—which is their own. There are also books by Japanese authors, who are at great pains to show the constructive skill which has been lavished on their country by its leaders during the past four decades, and who, after they have gone as far as that, abruptly stop short and make no attempt to outline the inevitable sequel to the story of modern Japan, which must be far more interesting than the story itself.

Thus there has been every kind of book on Japan ; some good, some bad, and many indifferent. But curiously enough there has not been one single book which floods the reader with light ; which allows him to see rising up in front of him, illumined so brilliantly that every detail is clear, the islands of Japan with all their beauty and all their sadness ; which shows him the exterior of a people on whom still presses heavily the heritage of the past ; which allows him to grasp what immense detail-work has been lavished, and is being lavished in an ever-

increasing ratio, in order to adapt the scientific forms of the hustling West to the dreamy traditions and the fatalistic submission of the East; which shows him even darkly how Japan of to-day must of necessity be quite different from every other country of the modern world; and finally, which establishes in clear language the vastly important fact that the pseudo-Europeanism of the day is busy arranging the entire population in tiers, the topmost of which contains those who really understand Europe; the next those who half understand and half hesitate; the next those who have witnessed some external features of the much-lauded Westernism and instinctively feel its opposition to their own culture; and finally, below these, the many millions of different degree who understand only that they must not understand, and who, with heredity and climate influencing their every act and thought, are frowningly moved forward by their leaders to a goal which is as yet only dimly perceived.

Viewed in this, the true light, there is in Japan something more fascinating than in any romance, for she is the unknown quantity, x , of a disconcerting equation. There have been other countries which have learned speedily, and which in a generation or two have severed almost every link with their past. But there has never been an Eastern nation which, with Prussian precision and by a process of selection and elimination, has done exactly what eclectic Japan has done. And indeed, rapidly passing the countries of Asia before one's mind, it must be patent

that for any other country to achieve exactly what Japan has accomplished is absolutely impossible. In decades to come either China or India may in modern ways and in modern strength be contrasted with Japan as Goliath was with David; but still there can be only one David—one nation which has acted and will continue to act as Japan has done. The thing is beyond imitation; for modern Japan, as she has been created by her leaders, is really based on a structure painfully evolved in centuries past—a structure possessing peculiar attributes due to environment, race mixture, climate, geography, and those other factors the importance of which has been so correctly explained by Buckle in his *History of Civilisation*. It is, as it were, as if to the old building made of beautiful and precious woods, and furnished with fine mattings, exquisite paintings and gossamer-like silks, steel beams and stout pillars had been fitted, with much concrete and fire-proof brick, together with all those modern improvements which affect the exterior of things. But so far the net result has been only to dim the interior; to add, perhaps, a few signs of the West, but not really to alter what is, what has been, and what must be. Nothing, indeed, is changed; and although the masters of this house march out clad much as other men are clad, and now use half the things which other men of the East do not use, their serving-world remains the same—is bound to the past by ties which cannot be severed—believes in that past—and agrees only to the material changes



PRIESTS IN CEREMONIAL DRESS OUTSIDE A NIKKO TEMPLE, JAPAN.

because the Emperor has sanctioned them, and because such changes contribute to material prosperity and place the country on equal terms with the arrogant West.

This allegory might be continued indefinitely, but the essential point is that the change, although at first one of necessity, has become one of convenience. It is now looked upon entirely as such, and only as such is it welcomed. Yet the transformation is not an absolute one. It is merely a modification, an improvement, a betterment, bringing Japan's external appearances and external forces more into line with those of the West; and each step has to have some absolute justification shown before it is taken, and must be certain to bring material benefit in the near future before it is endorsed. The changes of a nation mean the expenditure of money; and therefore the Government of Japan, and not the people of their own volition, since they understand but little, order and carry them out. Each step accordingly is calculated to strengthen the Government, although it may appear to obscure the past traditions on which that Government has hitherto really relied. For the Government of Japan, having been wise enough to understand at least a quarter of a century ago what the future contained, has so shaped its internal policy as to be in every sense far more powerful to-day than it ever was before; that is to say, it secures a gain in new directions to compensate for what it has lost or is about to lose in the old. This point, however, need not detain us

here, since it will be amply dealt with presently. It has been mentioned simply to show the natural tendencies of a change such as has been outlined, when all the knowledge remains in the hands of those who occupy the uppermost tier, and when the only redoubtable opposition in ordinary times, though not in extraordinary crises, can come not from the masses, who are largely indifferent, but from the half-emancipated.

As far as concerns the outer world—that is, the mainland of Asia, the Pacific island groups, and ultimately Europe and America—the important points in the curious and continued evolution of modern Japan can only be its external results; that is, the main interest lies in ascertaining how far the intensive advance in Japan itself will indirectly promote extensive movements, thereby obliterating old trade channels and finally changing the political geography of Asia. Such extensive movements need not at first be anything more than a general commercial and maritime competition aiming at gaining for Japan an absolute commercial and maritime supremacy in the regions of Eastern Asia. Yet even this may give rise to the enunciation, first, of a new kind of Asiatic Munroe doctrine, and then possibly of a new Drago doctrine, so framed as to constitute Japan the champion of the entire Far East and, therefore, to give her the first traces of that hegemony, any desire for which is so fiercely denied at the present moment. Of course much time and many struggles may be necessary before such far-

reaching results can be accomplished ; and a natural corollary of such a consummation would have to be the extinction of China, or, at least, the emphasising of the fact that the Chinese Empire is simply a convenient geographical expression allowed to remain for considerations of policy. Such a consummation would also mean the end of Russia in the Far East as a land Power ; the final solution of the mastery of the Pacific ; the retirement of England as the great trader by sea ; and the closing of all open markets beyond the Indian Ocean. It may seem almost absurd to contemplate such results to-day ; but if China remains an inert mass, if a compromise with Russia is effected by Japan before the other Powers have determined on their Asiatic attitude, and if the Japanese birth-rate continues to advance in the same extraordinary manner as lately, many things not dreamed of may come about. Already the population, although still smaller than that of United Germany, is advancing at the rate of 800,000 souls a year. To-day there are about 50,000,000 Japanese ; between the time of the termination of the present Anglo-Japanese alliance and the end of the first half of this century, there may be one hundred millions. A highly-organised country possessing such reserves of strength and wealth—for all true reserves of strength and wealth can only be in human flesh and blood—and furthermore, possessing for purposes of offence and defence geographical advantages over Europe and America which no amount of genius or combination

can offset, may aspire to anything unless barriers of great strength are raised in its immediate vicinity. Without such barriers the conquests of Alexander could be paralleled in months instead of years ; and, with China once prostrate, a spear-head could be forged with which to pierce the flank of all Asia.

Not only, then, does Japanese material progress merit some examination, but the Japanese aspirations, or the things which may directly aid in giving birth to such aspirations, should also be understood. But it must not be assumed from what has already been said that in such respects the Japanese are different from any other men ; indeed, it is their similarity to other nations, rather than their dissimilarity, which must slowly engender aspirations of the kind referred to. For to the ordinary man, not animated by altruism or hero-worship, there can be no good reasons, except reasons of expediency, why England should continue to hold India by the sword, or America the Philippines, or France the blistering empire of Indo-China. And the ordinary man may sanely claim that if Russia could wrest the whole Maritime province of Manchuria, and Japan take Formosa from China—both of which seizures have occurred comparatively recently—there is no reason why the twentieth century should not be marked by similar *razzia*, which, whatever their original motives, could soon be changed into a permanent occupation of the invaded territory. The zones of Korea and Southern Manchuria are cases in point. The real question, however,

which above all concerns the Caucasian is this :—Are the Japanese primarily inspired by the same inner feelings of antipathy and disgust for the white man as are other Asiatics? A writer as gifted in understanding some of the subtleties underlying the relations between Asia and Europe as is Mr. Meredith Townsend argues that this must be and is the case. The question, however, is most difficult to answer for a large variety of reasons. Yet it may fairly be said that just as in India—from which field Mr. Meredith Townsend mainly gathered his materials—so in a somewhat lesser degree there is and must be among the Mongolian races the same instinctive antipathy for the white-skinned man as the latter on his part feels for his brown-skinned or yellow-skinned brethren. How far this antipathy is really a political force cannot as yet be properly estimated either in the West or the East; but just as the Americans of the Pacific Coast insist on the exclusion of all Asiatics, be they Chinese or Koreans or Japanese, so will the Japanese, above all other peoples of Mongolian race, exclude the white man from participating in the exploitation of the wealth of Eastern Asia. If teachers and experts are needed, Japan is prepared to supply them; if ships and materials become necessary, Japan is prepared to manufacture them; if men or things of no matter what sort are desired, Japan silently holds the opinion that they should be sought for elsewhere only when she has been asked and found wanting. Many observers in the Far East understood this

before the late war ; but Russia was then the immediate danger and the immediate enemy, and it was the hope of the optimists that the question would only trouble a future generation.

A condition of affairs, such as has just been outlined, is necessarily only the first stage, and will be almost negatived, in the opinion of apologists, by the many cross-currents which may be discovered on every side. Thus at the present day Japan needs much money, and for it she must go abroad and in a friendly way solicit European assistance ; accordingly, for the time being at any rate, she must become more and more Europe's debtor. But Japan is shrewd enough to know that accommodation is given to her merely as a money-making affair by European financiers who are careful to secure, as in the case of the last Conversion Loan, a large profit for themselves and are then content to leave all other considerations to futurity. Again, she needs the goodwill of the world, because if she loses it entirely Russia will immediately be the gainer ; therefore she must move slowly ; but she knows, also, that goodwill is largely a matter of interest and that it possesses no permanent value. Similarly, she needs to attract tourists to her shores, since they both advertise her and yearly leave inordinately large sums of money behind them which are almost equivalent to a free gift of specie. For a dozen reasons, therefore, it is only natural that she should constantly keep a careful watch on the susceptibilities of the world ; and accordingly, while

quietly furthering her great development-schemes and her various ambitions, she is continually holding herself in check—withdrawing things that might arouse antagonism and substituting others less objectionable. This is what is even now being observed, and what is being carried out with supreme cleverness. But in spite of this, for Japan, as for any other country, there is always one path which must be pursued relentlessly, because it is the one which leads to the greatest material profit and which the country's leaders, after careful consideration, believe they can most safely follow. What that path is will presently be made as clear as is at present possible ; here it is only necessary to say a few last words concerning the love for Asia, as opposed to Europe, which the Japanese, in common with all other Asiatics, must feel. The ways of Asiatics differ from those of Europeans in every respect, beginning with the process of thinking and ending with the process of acting, and the Japanese are no exceptions to this rule. Although in the upper classes they are beginning to change much more than is generally understood, such changes mainly consist, as has already been said, in the adaptation of European methods and modern conveniences to Japanese needs, rather than in any basic alterations of a peculiar system. The Japanese, of course, are already proud of the fact that they are at heart the most European of Asiatics ; that they understand Europe and the Europeans far better than any other men of non-

Caucasian stock ; that their government system, in outward form, is the closest copy of Western institutions which has ever been made in the East. Yet all this makes no difference, except in a modifying sense, to the fundamental considerations, and at heart the Japanese is just as proud of his own unalterable individuality as is the Anglo-Saxon of his. The talk recently largely indulged in, to the effect that Japan is destined to be the bridge connecting the East with the West, and that this is indeed her dearest aspiration, becomes, therefore, peculiarly significant. If Japan is to be that bridge, it follows that the West may have to burn its boats and rely on other less convenient methods of crossing great wastes of waters, whether it wills it or not. The gateways to the East may then be entirely changed, and with such a change nothing which might follow could be deemed surprising. Of course this bridging expression has been used by Japanese writers in a purely figurative sense ; but figures of speech are often illuminating and tend to show the inner workings of the minds of those who use them. For it is certain from present indications that if Japan remained a mere teacher of the East—a passive force—she would meet with failure. Immediately opposite her, on the shores of the Asiatic mainland, are the Chinese, so clearly the intellectual superiors of the Japanese that they have already convinced all observers of the fact. As thinkers and scholars, the Chinese are indeed far more able than the men whom the world now thinks

worthy to be their constant schoolmasters. But in calculated action the Japanese are undoubtedly just as far beyond the Chinese, and must remain so for very many years.

It is, then, as an active force that Japan is the more redoubtable ; her action is immensely stronger in the concrete results it yields than a study of her passive state would lead one to suppose. It is as an active force that she is to be feared ; in diplomacy, in independent thought, in genius of the type in which the Chinese abound, she is remarkably deficient. But in calculated, consistent, and persistent action she has no equal—not even in Germany, which has hitherto served as the model for human-machine power—and it is therefore from this point of view that she must be studied. The extensiveness of her activity will be regulated only by the success or non-success of her present intensive movement. If she succeeds by the end of the present term of the Anglo-Japanese Alliance—the year 1915—in completing the internal reorganisation which she is now quietly undertaking ; if she succeeds in fostering industrial, maritime, financial, military, and naval growth along the exact lines which she has laid down, it will be time to secure—by force, if necessary—the creation of a powerful and efficient China. For unless such a buffer State exists, the first explosion which occurs in Eastern Asia will be a golden opportunity which not even great and clean-minded statesmen, such as Japan undoubtedly possesses, could resist. The next step

forward would then be taken, and a Greater Japan would arise overnight.

It is with the intention of making this clear that that which follows has been written. It is one of the strange revenges which the whirligig of time alone can bring, that forty months after the day when Japan leaped forward against Port Arthur to avenge a wrong which all the world understood, it has become necessary to doubt seriously whether the apparent brilliant success which has distinguished British foreign policy since the close of the Boer War is not based—at least in Eastern Asia—on false assumptions and a reprehensible desire to avoid direct responsibility. It is too early, both fortunately and unfortunately, to be able to insist in quite absolute terms on the deductions which now will be made ; but, right or wrong, these deductions should be pondered over and understood, so that the educative effect of recent history may be utilised without delay.

CHAPTER II

THE GOVERNING OF THE JAPANESE EMPIRE

WHAT has just been written by way of introduction to an attempt to arrive at a just and proper valuation of Japan and the Japanese, allows one without further delay to attack in an earnest spirit the specific question of the governing of the country. It will require but little argument to establish in all clearness the fact that the government of Japan to-day is an odd compound of purely oligarchical and bureaucratic elements, shrouded by certain borrowed parliamentary forms which have been sufficiently advertised to confuse and even to delude superficial foreign observers, but which, nevertheless, have as yet no true meaning. In Japan it is to-day as true as it has always been in every Eastern country, *that the man counts for everything, and not the forms or the institutions*; and this being so, it should be well understood in those regions of the world likely to be affected by events in Eastern Asia, that the course of those events may largely rest in the hands of a very few men, and not in the hands of an intelligent

proletariat. Now, it is the case that the citizens of all really free countries—and especially all Anglo-Saxons—view with distrust closely akin to fear a country where such a state of affairs obtains as that now existing in Japan. It is this, indeed, which makes men distrustful of such nations as Russia and Germany; for the excellent qualities of the citizens of these nations preclude them from being distrusted on their own account. It is the reign of bureaucracy and of militarism, making such nations internationally mere machines, which causes them to be feared; and if Japan has hitherto escaped being classed in the same category as the two nations just mentioned, it is because she has hitherto been very weak and very dependent internationally, and has indeed been almost entirely engaged in constructive and educative work within her own borders—work so elementary that it appeared to have but little outer significance. Her approaching independence gives the signal that she can no longer be viewed in this light; and it is incumbent on statesmen both to take note of the fact and perhaps to adopt mechanically the same mental attitude towards her as towards those European nations which are looked upon on all sides as potential centres of disturbance constantly needing the closest scrutiny and study. This preliminary statement may seem for the moment an exaggeration; yet it will soon be justified.

In these circumstances it is unfortunate that writers who have lately summed up certain external aspects

of Japan should have prefaced their remarks with introductory passages regarding the government of the country which have been misleading. Instead of confining themselves to such basic facts as are within the purview of every observer, they have too often indulged in generalisations sometimes not wholly distinguished for that scrupulous accuracy which should be maintained in such matters. An instance in point is that of Dr. Hulbert,¹ who in his recent authoritative book on Korea writes as follows :—

The world has been entranced by the splendid military and naval achievements of Japan, and it is only natural that her singular capacity for war should have argued a like capacity along all lines. This has led to various forms of exaggeration, and it becomes the American citizen to ask the question just what part Japan is likely to play in the development of the Far East. One must study the factors of the situation in a judicial spirit if he would arrive at the correct answer. The bearing which this has on Korea will appear in due course.

When in 1868 the power of the Mikado or Emperor of Japan had been vindicated in a sanguinary war against many of the feudal barons, the Shogunate was done away with once for all, and the act of centralising the government of Japan was complete. But in order to guard against the possibility of insurrection it was deemed wise to compel all the barons to take up their residence in Tokyo, where they could be watched. This necessitated disbanding the samurai or retainers of the barons. These samurai were at once the soldiers and scholars of Japan. In one hand they held the sword and in the other a book; not as in mediæval Europe, where the knights could but rarely read and write, and where literature was almost wholly confined

¹ Dr. Hulbert is an American, resident in Korea, who has been intimately connected with the agitation to secure the annulment of the Japanese "Protection" Treaty.

to the monasteries. This concentration of physical and intellectual power in the single class called the samurai gave them greater prestige among the people at large than was ever enjoyed by any set of men in any other land, and it consequently caused a wider gulf between the upper and lower classes than elsewhere, for the samurai shared with no one the fear and the admiration of the common people. The lower classes cringed before them as they passed, and a samurai could wantonly kill a man of low degree almost without fear of consequences.

When the barons were called up to Tokyo, the samurai were disbanded and forbidden to wear the two swords which had always been their badge of office. This brought them face to face with the danger of falling to the ranks of the lower people, a fate that was all the more terrible because of the absurd height to which in their pride they had elevated themselves.

At this precise moment they were given a glimpse of the West, with its higher civilisation and its more carefully articulated system of political and social life. With the very genius of despair they grasped the fact that if Japan could adopt the system of the West all government positions, whether diplomatic, consular, constabulary, financial, educational or judicial, whether military or civil, would naturally fall to them; and thus they would be saved from falling to the plane of the common people. Here, stripped of all its glamour of romance, is the vital, underlying cause of Japan's wonderful metamorphosis. With a very few significant exceptions, it was a purely selfish movement, conceived in the interest of caste distinction and propagated in anything but an altruistic spirit. The central government gladly seconded this proposition, for it immediately obviated the danger of constant disaffection and rebellion, and welded the State together as nothing else could have done. The personal fealty which the samurai reposed in his overlord was transferred, almost intact, to the central government, and to-day constitutes a species of national pride which, in the absence of the finer quality, constitutes the Japanese form of patriotism.

From that day to this the wide distinction between the upper and lower classes in Japan has been maintained. In spite of the fact of the so-called popular or representative government, there can be no doubt that class distinctions are more vitally active in Japan than in China, and there is a wider social gulf between them than anywhere else in the Far East, with the exception of India, where Brahmanism has accentuated caste. The reason for this lies deep in the Japanese character. When he adopted Western methods it was in a purely utilitarian spirit. He gave no thought to the principles on which our civilisation is based. It was the finished product which he was after and not the process. He judged, and rightly, that energy and determination were sufficient to the donning of the habiliments of the West, and he paid no attention to the forces by which those habiliments were shaped and fitted. The position of women has experienced no change at all commensurate with Japan's material transformation. Religion in the broadest sense is less in evidence than before the change ; for, although the intellectual stimulus of the West has freed the upper classes from the inanities of the Buddhist cult, comparatively few of them have consented to accept the substitute. Christianity has made smaller advances in Japan than in Korea herself, and everything goes to prove that Japan, instead of digging until she struck the spring of Western culture, merely built a cistern in which she stored up some of its more obvious and tangible results. This is shown in the impatience with which many of the best Japanese regard the present failure to amalgamate the borrowed product with the real underlying genius of Japanese life. It is one constant and growing incongruity. And, indeed, if we look at it rationally, would it not be a doubtful compliment to Western culture if a nation like Japan could absorb its intrinsic worth and enjoy its essential quality without passing through the century-long struggle through which we ourselves have attained to it? No more can we enter into the subtleties of an Oriental cult by a quick though intense study of its tenets. The self-conscious babbling of a Madame Blavatsky can be no less ludicrous to an Oriental pundit than are the

efforts of Japan to vindicate her claim to Western culture without passing through the furnace which made that culture sterling. . . .

It is difficult to foresee what the resultant civilisation of Japan will be. There is nothing final yet, nor have the conflicting forces indicated along what definite lines the intense patriotism of the Japanese will develop. . . .

Although this expression of opinion is very interesting, it is too general to be of real value¹; and therefore in the sober recital of facts which follows extreme attention is given to the necessity of making clear, once and for all, the real governing of Japan and to show the enormous power placed in the hands of a few. This, together with the matter which follows in later chapters, should make the whole position easy to understand and may perhaps in some measure dissipate certain misconceptions which still linger owing to the glamour cast by the late war.

In 1869, when the Emperor of Japan had fully come to his own again and the Shogunate was swept away, he took an oath that public matters should be decided by public assembly, it being understood that a certain period was to be allowed to elapse, during which a general re-organisation would take place, before the oath was actually put into execution. Here it is necessary to remark that there is nothing to show that this imperial undertaking was a definite pledge to the Japanese people that parliamentary institutions exactly similar to those existing in the liberal countries of Europe were to be established in

¹ It is very significant, however, that this and other passages in Dr. Hulbert's book should have aroused the bitterest feelings in Japan.

Japan. It is, indeed, extremely likely that the maximum which it was thought necessary in 1869 to concede was something very similar to that which the Czar has recently conceded in Russia. A Duma may have been, and probably was, thought of ; but never a British Parliament or an American Congress. The balance of proof would seem, indeed, to incline in this direction from the simple fact that the first Japanese Parliament (*Kogisho*), called in 1869, was not so much a deliberative assembly as a peaceful debating society whose sole function was to give "advice" to the Imperial Government. It was composed solely of persons, representing each of the Daimiates, who were chosen for the position by the Daimyos. It is true that, with the final abolition of Daimiates in 1871 and the inauguration of prefectural government in the provinces, the means of electing a deliberative assembly *ipso facto* disappeared; but this does not weaken the contention that the idea contained in the imperial oath was far different from what has been generally understood. Perhaps, however, it would be well to give in a summarised form the so-called "charter oath" which the Emperor took on the 17th April, 1869, before his Court and the assembly of Daimyos. The five short Articles run as follows :—

1. A deliberative assembly shall be formed and all measures decided by public opinion.
2. The principles of social and political economics shall be studied by both the superior and inferior classes of the people.

3. Every one in the community shall be assisted to persevere in carrying out his will for all good purposes.

4. All the absurd usages of former times shall be disregarded, impartiality and justice generally displayed, and the workings of nature adopted as the basis of action.

5. Wisdom and ability shall be sought after in all quarters of the world for the purpose of firmly establishing the foundations of the Empire.

It will be seen from these Articles that the same extreme caution was observed, and the same severe limitations tacitly imposed, as have recently been observed in the Czar's decrees relative to the establishment of the Duma. Nothing definite was promised beyond the fact that a deliberative assembly would be created, and that all measures would be decided by public opinion. This last point should be carefully borne in mind ; for it will shortly be seen that in the Japan of to-day, over and above the parliamentary assembly, public opinion, when it is bitterly against the Emperor's ministers, causes them to resign as a species of apology for their policy—an apology perfectly understandable to the masses, and entirely distinct from the formal vote of want of confidence passed by the Diet.

The disappearance of feudalism (*i.e.*, of the Daimiates) actually served to strengthen rather than weaken the so-called clan-power which upheld the new imperialism in Japan. It was the two powerful clans of Choshu and Satsuma, leading a number of smaller clans of western Japan, which in the first instance had brought about the Restoration ; it was these same clans which had presented to the

Emperor an elaborate memorial asking him to take over the direct administration of all the feudal lands ; and in such circumstances it was only natural that the cleverest adherents of these clans, which now surrounded the throne, should gradually secure the reins of power. Nobles and samurai belonging to the dominant clans were fully imbued with the idea that the new grouping round the throne—instead of round a Shogun—must not be construed into any real diminishing of the power of the feudal aristocracy ; and the Satsuma Rebellion of 1877—which was led by the great Saigo Takamori himself, the idol of the samurai—was nothing but an armed protest by the extreme conservative wing of the clans against the quasi-progressiveness of the more liberal-minded statesmen of the new Japan, who, it must be remembered, were also clansmen, though of a less uncompromising type. The victory of the Government over the Satsuma adherents was in itself a warning to the Government that great slowness was essential to its own welfare ; and consequently the cry for some sort of parliamentary institutions fell on deaf ears.

This agitation had been begun in 1874. It was accompanied by much fanaticism on both sides and by such frequent attempts at assassination that at last the whole movement assumed too dangerous an aspect to be neglected. It was plain that the time had arrived when the clan party would have to make some concession, which would nominally give others than the favoured few a share in the government of

the country and in the prizes to be won. Accordingly, on the 12th October, 1881, an Imperial Rescript was issued definitely promising a Constitution, and indeed undertaking the inauguration of a constitutional *régime* within ten years. In 1889 the Japanese Constitution was made public, and in 1890 the first session of the Imperial Diet was convoked. Here it is necessary, in order to understand properly the real internal situation in Japan, to insert the whole text of the much-misunderstood Constitution, which is a copy not so much of Anglo-Saxon models as of the German scheme. But the document must speak for itself :—

THE CONSTITUTION OF JAPAN.

CHAPTER I.—THE EMPEROR.

Article 1. The Empire of Japan shall be reigned over and governed by a line of Emperors unbroken for ages eternal.

Article 2. The Imperial Throne shall be succeeded to by Imperial male descendents, according to the provisions of the Imperial House Law.

Article 3. The Emperor is sacred and inviolable.

Article 4. The Emperor is the head of the Empire, combining in Himself the rights of sovereignty, and exercises them according to the provisions of the present Constitution.

Article 5. The Emperor exercises the legislative power with the consent of the Imperial Diet.

Article 6. The Emperor gives sanction to laws, and orders them to be promulgated and executed.

Article 7. The Emperor convokes the Imperial Diet, opens, closes, and prorogues it, and dissolves the House of Representatives.

Article 8. The Emperor, in consequence of urgent

necessity to maintain public safety or to avert public calamities, issues, when the Imperial Diet is not sitting, Imperial Ordinances in the place of law.

Such Imperial Ordinances are to be laid before the Imperial Diet at its next session, and when the Diet does not approve the said Ordinances, the Government shall declare them to be invalid for the future.

Article 9. The Emperor issues, or causes to be issued, the Ordinances necessary for the carrying out of the laws, or for the maintenance of the public peace and order, and for the promotion of the welfare of the subjects. But no Ordinance shall in any way alter any of the existing laws.

Article 10. The Emperor determines the organisation of the different branches of the administration, and the salaries of all civil and military officers, and appoints and dismisses the same. Exceptions especially provided for in the present Constitution or in other laws shall be in accordance with the respective provisions bearing thereon.

Article 11. The Emperor has the supreme command of the Army and Navy.

Article 12. The Emperor determines the organisation and peace standing of the Army and Navy.

Article 13. The Emperor declares war, makes peace, and concludes treaties.

Article 14. The Emperor proclaims the law of siege. The conditions and effects of the law of siege shall be determined by law.

Article 15. The Emperor confers titles of nobility, rank, orders and other marks of honour.

Article 16. The Emperor orders amnesty, pardon, commutation of punishments, and rehabilitation.

Article 17. A Regency shall be instituted in conformity with the provisions of the Imperial House Law.

The Regent shall exercise the powers appertaining to the Emperor in His name.

CHAPTER II.—RIGHTS AND DUTIES OF SUBJECTS.

Article 18. The conditions necessary for being a Japanese subject shall be determined by law.

Article 19. Japanese subjects may, according to qualifications determined in laws or ordinances, be appointed to civil or military offices equally, and may fill any other public offices.

Article 20. Japanese subjects are amenable for service in the Army or Navy according to the provisions of law.

Article 21. Japanese subjects are amenable to the duty of paying taxes, according to the provisions of law.

Article 22. Japanese subjects shall have liberty of abode and of changing the same within the limits of the law.

Article 23. No Japanese subject shall be arrested, detained, tried, or punished, unless according to law.

Article 24. No Japanese subject shall be deprived of his right of being tried by the judges determined by law.

Article 25. Except in the cases provided for in the law, the house of no Japanese subject shall be entered or searched without his consent.

Article 26. Except in the cases mentioned in the law, the secrecy of the letters of every Japanese subject shall remain inviolate.

Article 27. The right of property of every Japanese subject shall remain inviolate.

Measures necessary to be taken for the public benefit shall be provided for by law.

Article 28. Japanese subjects shall, within limits not prejudicial to peace and order, and not antagonistic to their duties as subjects, enjoy freedom of religious belief.

Article 29. Japanese subjects shall, within the limits of law, enjoy the liberty of speech, writing, publication, public meeting and association.

Article 30. Japanese subjects may present petitions, by observing the proper forms of respect, and by complying with the rules specially provided for the same.

Article 31. The provisions contained in the present Chapter shall not affect the exercise of the powers appertaining to the Emperor, in times of war or in cases of national emergency.

Article 32. Each and every one of the provisions contained in the preceding Articles of the present Chapter, that are not in conflict with the laws or the rules and discipline of the Army and Navy, shall apply to the officers and men of the Army and the Navy.

CHAPTER III.—THE IMPERIAL DIET.

Article 33. The Imperial Diet shall consist of two Houses—a House of Peers and a House of Representatives.

Article 34. The House of Peers shall, in accordance with the Ordinance concerning the House of Peers, be composed of the members of the Imperial Family, of the orders of nobility and of those persons who have been nominated thereto by the Emperor.

Article 35. The House of Representatives shall be composed of Members elected by the people, according to the provisions of the Law of Election.

Article 36. No one can at one and the same time be a Member of both Houses.

Article 37. Every law requires the Imperial Diet.

Article 38. Both Houses shall vote upon projects of law submitted to them by Government, and may respectively initiate projects of law.

Article 39. A Bill which has been rejected by either the one or the other of the two Houses shall not be brought in again during the same session.

Article 40. Both Houses can make representations to the Government as to law or upon any other subject. When, however, such representations are not accepted, they can not be made a second time during the same session.

Article 41. The Imperial Diet shall be convoked every year.

Article 42. A session of the Imperial Diet shall last for three months. In case of necessity, the duration of a session may be prolonged by Imperial Order.

Article 43. When urgent necessity arises, an extraordinary session may be convoked, in addition to the ordinary one.

The duration of an extraordinary session shall be determined by Imperial Order.

Article 44. The opening, closing, prolongation of session, and prorogation of the Imperial Diet, shall be effected simultaneously for both Houses.

In case the House of Representatives has been ordered to dissolve, the House of Peers shall at the same time be prorogued.

Article 45. When the House of Representatives has been ordered to dissolve, Members shall be caused by Imperial Order to be newly elected, and the new House shall be convoked within five months from the day of dissolution.

Article 46. No debate can be opened and no vote can be taken in either House of the Imperial Diet, unless not less than one-third of the whole number of Members thereof is present.

Article 47. Votes shall be taken in both Houses by absolute majority. In the case of a tie vote, the President shall have the casting vote.

Article 48. The deliberations of both Houses shall be held in public. The deliberations may, however, upon demand of the Government or by resolution of the House, be held in secret sitting.

Article 49. Both Houses of the Imperial Diet may respectively present addresses to the Emperor.

Article 50. Both Houses may receive petitions presented by subjects.

Article 51. Both Houses may enact, besides what is provided for in the present Constitution and in the Law of the Houses, rules necessary for the management of their internal affairs.

Article 52. No member of either House shall be held responsible, outside the respective Houses, for any opinion uttered or for any vote given in the House. When, however, a Member himself has given publicity to his opinions by public speech, by documents in print or in writing, or by any other similar means, he shall, in the matter, be amenable to the general law.

Article 53. The members of both Houses shall, during the session, be free from arrest, unless with the consent of the House, except in cases of flagrant delicts, or of offences connected with a state of internal commotion or with a foreign trouble.

Article 54. The Ministers of State and the Delegates of the Government may at any time take seats and speak in either House.

CHAPTER IV.—THE MINISTERS OF STATE AND THE PRIVY COUNCIL.

Article 55. The respective Ministers of State shall give their advice to the Emperor, and be responsible for it.

All Laws, Imperial Ordinances, and Imperial Rescripts of whatever kind, that relate to the affairs of the State, require the counter-signature of a Minister of State.

Article 56. The Privy Council shall, in accordance with the provisions for the organisation of the Privy Council, deliberate upon important matters of State, when it has been consulted by the Emperor.

CHAPTER V.—THE JUDICATURE.

Article 57. The Judicature shall be exercised by the Courts of Law according to law, in the name of the Emperor.

Article 58. The judges shall be appointed from among those who possess proper qualifications according to law.

No judge shall be deprived of his position unless by way of criminal sentence or disciplinary punishment.

Article 59. Trials and judgments of a Court shall be conducted publicly. When, however, there exists any fear

that such publicity may be prejudicial to peace and order, or to the maintenance of public morality, the public trial may be suspended by provision of law or by the decision of the Court.

Article 60. All matters that fall within the competency of a special Court shall be specially provided for by law.

Article 61. No suit at law, which relates to rights which are alleged to have been infringed by the illegal measures of the executive authorities, and which come within the competency of the Court of Administrative Litigation especially established by law, shall be taken cognisance of by a Court of Law.

CHAPTER VI.—FINANCE.

Article 62. The imposition of a new tax or the modification of the rates of an existing one shall be determined by law.

However, all such administrative fees or other revenue having the nature of compensation shall not fall within the category of the above clause.

Article 63. The taxes levied at present shall, in so far as they are not remodelled by new law, be collected according to the old system.

Article 64. The expenditure and revenue of the State require the consent of the Imperial Diet by means of an annual Budget.

Any and all expenditures over-passing the appropriations as set forth in the titles and paragraphs of the Budget, or that are not provided for in the Budget, shall subsequently require the approbation of the Imperial Diet.

Article 65. The Budget shall first be laid before the House of Representatives.

Article 66. The expenditures of the Imperial House shall be defrayed every year out of the National Treasury, according to the present fixed amount for the same, and shall not require the consent thereto of the Imperial Diet, except in case an increase thereof is found necessary.

Article 67. Those already fixed expenditures based by

the Constitution upon the powers appertaining to the Emperor, and such expenditures as may have arisen by the effect of law, or that appertain to the legal obligations of the Government, shall be neither rejected nor reduced by the Imperial Diet, without the concurrence of the Government.

Article 68. In order to meet special requirements, the Government may ask the consent of the Imperial Diet to a certain amount of Continuing Expenditure Fund, for a previously fixed number of years.

Article 69. In order to supply deficiencies, which are unavoidable, in the Budget and to meet requirements unprovided for in the same, a Reserve Fund shall be provided in the Budget.

Article 70. When the Imperial Diet cannot be convoked, owing to the external or internal condition of the country, in case of urgent need for the maintenance of the public safety, the Government may take all necessary financial measures by means of an Imperial Ordinance.

In the case mentioned in the preceding clause, the matter shall be submitted to the Imperial Diet at its next session, and its approbation shall be obtained thereto.

Article 71. When the Imperial Diet has not voted on the Budget, or when the Budget has not been brought into actual existence, the Government shall carry out the Budget of the preceding year.

Article 72. The final account of the expenditures and revenue of the State shall be verified and confirmed by the Board of Audit, and it shall be submitted by the Government to the Imperial Diet, together with the report of verification of the said Board.

The organisation and competency of the Board of Audit shall be determined by law separately.

Article 73. When it has become necessary in the future to amend the provisions of the present Constitution, a project to that effect shall be submitted to the Imperial Diet by Imperial Order.

In the above case neither House can open the debate, unless at least two-thirds of the whole number of Members

are present, and no amendment can be passed unless a majority of at least two-thirds of the Members present is obtained.

Article 74. No modification of the Imperial House Law shall be required to be submitted to the deliberation of the Imperial Diet.

Article 75. No modification can be introduced into the Constitution, or into the Imperial House Law, during the time of a Regency.

Article 76. Existing legal enactments, such as laws, regulations or whatever they may be called, shall, so far as they do not conflict with the present Constitution, continue in force.

All existing contracts or orders that entail obligations upon the Government, and that are connected with expenditure, shall come within the scope of Article 67.

This document is neither too long nor too difficult to understand ; as the Magna Carta of a so-called constitutional country, it should possess great interest for all Anglo-Saxons. In the very first place it is necessary to call attention to the large powers vested in the Emperor. Not only is the Emperor the supreme commander of the Army and Navy, but he determines the war and peace standing of both ; he declares war and makes peace and concludes treaties ; he lays down the organisation of the different branches of the administration and determines the salaries of all civil and military officials ; and by a continued policy of dissolving the Diet and issuing Imperial Ordinances in place of law, it is quite possible for the Emperor *constitutionally* to govern the country through his Ministers for very many months without the aid of parliament. That is to say, the Japanese Diet can be dispensed with for an

indefinite period, and would be dispensed with in times of necessity, all the provisions regarding the voting of supplies remaining in abeyance in the meanwhile. In the same way, the second Chapter of the Constitution, which defines the rights and duties of Japanese subjects, can mean at one and the same time everything or nothing. It depends solely on the manner in which the various clauses are interpreted. Indeed, it may be remarked briefly and somewhat cynically, that Japanese subjects are given by this instrument the legal right to live, to pay taxes, and to march through life in much the same manner as before it. In the third Chapter the vital question of the Imperial Diet and the nature of its organisation are dealt with, and it is in this Chapter, even with its cautious and non-committal phraseology, that the fact is abundantly made clear that the Diet possesses no real control over the government of the country. So important is this Chapter, and so important is the question of the powers of the Diet, that everything else in the Constitution, so laboriously constructed by Marquis Ito, becomes insignificant beside it.

For if we examine this important section clause by clause, and refer for confirmation or refutation to various other clauses in succeeding Chapters, we shall be forced to admit that whilst many of the recognised forms of parliamentary procedure have been adopted by Japan, the essential checks to autocratic or bureaucratic power are entirely missing. This can soon be demonstrated. In the first place the Japanese Diet is composed of two Houses—a

House of Peers, and a House of Representatives elected by a very restricted number of franchise-holders ; but the House of Peers is composed both of the members of the orders of nobility, *and of those persons who have been nominated thereto by the Emperor in person.* Here, then, is the first indication of the influence which can be brought to bear by the Government whenever it is necessary to secure the sanction of the Diet to any particular measures laid before it. Both Houses can be "packed." Take first the case of the House of Representatives. The following table shows that there are approximately only three-quarters of a million citizens possessing the legal right to vote in a population of fifty millions of people :—

Year.	Total No. of Voters.	Number of Voters to each Representative.	Number of Voters for every 1,000 inhabitants.
1890	453,474	1512	11·50
1891	452,156	1507	11·38
1892	460,914	1536	11·53
1893	457,309	1523	11·35
1894	464,278	1548	11·22
1895	467,887	1560	11·42
1896	467,607	1559	11·31
1897	467,401	1558	11·19
1898	501,459	1672	11·88
1902 (Aug.) ...	983,193	2615	22·22
1903 (March) ...	951,860	2532	20·96
1904 (March) ..	757,788	1999	16·69

[The sudden increase in the number of franchise-holders in the 1902 registers was due to the lowering of the property qualification ; the decrease in 1904 was due to the restoration of the land-tax from 3·3 per cent. to the original 2·5 per cent. of the assessed value.]

It will be seen from this interesting table that in spite of the lowness of the qualification, less than two thousand voters, on an average, elect each Representative to the Lower House of the Japanese Diet. The qualification is the payment of a direct tax of not less than ten yen (£1 sterling) per annum and may be possessed by all males over twenty-five years of age. Direct taxes may be said to be only of three kinds—land tax, income tax, and business tax—and of these three kinds the land tax contributes at least seventy-five per cent. of the total. As the vast majority of the urban population of Japan is composed of small wage-earners paying no direct taxes at all, it follows that by far the greater part of the Japanese electorate is in the country districts. In other words, although there is a specific provision made for the return of one Representative for every 130,000 inhabitants in "incorporated cities," the peasant class in Japan can still largely outvote the towns.¹ Now this farmer class is the most loyal to the old ideas, and is disposed to look upon the Diet with the contempt of men of the old *régime*. These men, anxious not to have their land overburdened by taxation, constantly court favour with the Government, and are therefore largely on the Government's side and easy to influence. It follows, then, that as a first step the Government can in case of necessity easily influence the elections in the rural districts by the simplest means, and thus secure that a majority

¹ It has been authoritatively stated to the writer that a certain treaty port in Japan with less than 130,000 inhabitants, but more than 50,000, has only *seventy-six* voters.

of the Representatives elected will not act in opposition to it. But there is still a further point. So far parliamentary ideals have not taken a sufficiently definite shape in Japan for Representatives to be sent to the Lower House with any definite mandate from their constituents. Once they have been elected, they can act much as they please; it rests with the Government to conciliate them; and the consequence is that members are actually purchased by the Government during each session in a manner which would arrest much attention in Europe, but is so usual in Tokyo as to escape all comment, although of late the newspapers have tardily begun a campaign of criticism.

The Lower House of the Japanese Diet being thus constituted, and from its very organisation affording the greatest temptations for non-constitutional government, it is only natural to expect that the Upper House is as far removed from being a citadel for the maintenance of definite rights as the assembly of Representatives; and fifteen years of practical experience has amply shown that this is the case.

In the first place, as in all monarchical countries which have sought both to imitate the British House of Lords and to improve upon it, the Constitution of Japan has made of the House of Peers a stronghold of the dominant clans and of the system of non-party government. Under the Constitution the House of Peers consists of (1) Princes of the Blood; (2) Princes and Marquises, all of whom sit

by virtue of their rank when they reach the age of twenty-five ; (3) Counts, Viscounts, and Barons, above the age of twenty-five, who have been elected by the members of their respective orders and whose numbers must not exceed one-fifth of each order ; (4) Persons above the age of thirty years who have been nominated members by the Emperor for meritorious services to the State or for erudition ; and (5) Representatives of the fifteen highest tax-payers in each prefecture, nominated by the Emperor. The term of membership under (3) and (5) is seven years ; under (1), (2) and (4) for life. There is one further important provision—that the number of non-titled members, consisting of persons directly nominated by the Emperor and persons elected by the prefectures, shall not exceed the aggregate strength of the titled members.

It will be understood from this statement that the House of Peers is even more capable of manipulation by the Government than the House of Representatives. In fact, it *is* the Government, since it always has by law a clear majority of nobles, who are, with a few notable exceptions, entirely devoted to the old idea of clan-rule. Therefore while fully able to check, and even to suborn, the House of Representatives in order to have the business of each session expeditiously and apparently willingly attended to, the Government of Japan is under no real necessity to do so, since the House of Peers can always be confidently counted on to discredit any obnoxious action of the House of Representatives, such as a

vote of censure or a refusal to vote supplies. It is the fact that the Japanese Government is anxious, mainly for international reasons, to adhere to all common forms of parliamentary procedure, which induces it constantly to seek a majority in the Lower House, for as has been shown this is not at all necessary.

The very language of the Constitution shows clearly that the Japanese Government, instead of being the servant of parliament, as is the case in every truly constitutional country, is in reality its master. Articles 38 and 40 have a curious sound to Anglo-Saxon ears. The first says: "Both Houses shall vote upon projects of law submitted to them by Government and may respectively initiate projects of law." The second reads: "Both Houses can make representations to the Government as to laws or upon any other subject. When, however, such representations are not accepted, they cannot be made a second time during the same session." The small and unimportant *rôle* really played by the Diet is peculiarly emphasised by the language of these two Articles.

It is now necessary to note carefully the last clause of the third Chapter of the Constitution (Article 54) and the two short clauses following, which carry one into the fourth Chapter. Read in conjunction with one another, these clauses are both interesting and enlightening. Article 54 says: "The Ministers of State and the Delegates of the Government may at any time take seats and speak in either House." Article

55 reads : " The respective Ministers of State shall give their advice to the Emperor and be responsible for it. All Laws, Imperial Ordinances, and Imperial Rescripts of whatever kind that relate to the affairs of the State, require the counter-signature of a Minister of State." Article 56 runs : " The Privy Council shall, in accordance with the provisions for the organisation of the Privy Council, deliberate upon important matters of State when it has been consulted by the Emperor." These coldly-worded clauses, which tell so little and mean so much, practically compress into the smallest possible space the whole story of the Japanese system of government, upon which has been merely superimposed, for purposes of nominal reform, the Western methods of parliamentary representation. For it will be observed from Article 54 that not only do the Ministers take their seats in either House, but that the *Delegates* of the Government may do so as well. That is, the bureaucracy has a constitutional right to interfere directly in debates, and to introduce, in the persons of permanent officials, an entirely new element into parliamentary procedure. For such Government Delegates, being clothed with proper authority, can play a most useful rôle in many different directions ; and although the duties of such officials have been confined ostensibly to answering questions in public assembly or in committee-rooms, there can be no doubt that they have also performed other services of an extremely doubtful nature, which have indeed been dealt with

scathingly in the vernacular press. But, most important of all, it is now generally admitted that, by Articles 55 and 56, a Japanese Ministry is responsible *not to the Diet, but only to the Emperor in person*—in other words, that it is over and above the parliament; and, secondly, that the chief members of the Privy Council, who are no other than the far-famed *Genro*, or Elder Statesmen, are as much responsible for the real government of the country as the Ministry which happens to be nominally in power. In fact, just as the Ministry is over and above the Diet, so are the *Genro*, from the very nature of their duties, which consist in surrounding the Emperor and giving him last words of advice, over and above the Ministry. Thus the *Genro*, through the influence they exert with the Emperor, who has the supreme voice, are able to dictate to a Ministry responsible to the Emperor alone exactly what the policy of that Ministry should be in every critical matter.

From this it follows naturally enough that a change of Ministry in Japan is something entirely and radically different from a change of Ministry in any country where the parliament is really supreme. The change in Japan simply implies failure on the part of the responsible Ministers to control the never-ending intrigues of the various bureaucratic groups, or inability to carry out Government measures without arousing widespread popular discontent, which, as will have been already understood, is something quite different from the discontent of the Diet. The

Ministers therefore sacrifice themselves without sacrificing their measures, a very material difference from ordinary practice. Yet this is in accordance with the ordered procedure of the East, which can never dissociate the individual from his official actions and which makes personalities become odious whilst unpopular work is suffered to remain. This remarkable state of affairs is intensified by the fact that among those who surround the Emperor, there are such large numbers of highly-placed bureaucrats and military and naval officers, that constant changes of Ministries are rather welcomed than otherwise, although they upset the country, as a simple means of giving every man a chance of distinguishing himself above his fellows and thereby of attracting the special attention of the Emperor and of earning special rewards. Thus the curious combination of Ministerial irresponsibility to the Diet with responsibility to the nation at large is deemed very suitable, since it permits endless intrigues to go on which possess a departmental rather than a national importance, and which leave the curious structure Marquis Ito named the Japanese Constitution virtually unharmed.

Pursuing the same detailed investigation of the various clauses of this Magna Carta, in Chapter VI, which concerns itself especially with finance, the last proofs necessary to establish the entire ineffectiveness of parliamentary control in Japan are forthcoming. (It will have been noticed that no mention has been made of Chapter V of the Constitution. This is because the section in question relates solely

to the judicature, and has therefore nothing to do with governmental matters.) For while it is stipulated that the raising of national loans, etc., requires the consent of the Diet (Article 63), and that the national revenue and expenditure also require the sanction of the Diet by means of an annual Budget (Article 64), the five Articles running from number 67 to number 71 show the manner in which it is entirely competent for the Government to act should it be considered necessary to ignore the Diet. Article 67 places certain expenditure beyond the control of the Diet and solely at the discretion of the Emperor and his advisers; the next Article permits one session of a Diet to pledge the country to a recurrent expenditure in any given direction for any number of years by a single vote—an expenditure which obviously would be designed for the special benefit of the Government; the third of these five stultifying clauses provides a "Reserve Fund" for current deficits; the fourth permits Imperial Ordinances to take the place of Budget votes in urgent times; and the fifth and most surprising clause states that "When the Imperial Diet has not voted on the Budget, or when the Budget has not been brought into actual existence, the Government shall carry out the Budget of the preceding year." This extraordinary Article can therefore be quickly interpreted to any meaning the Government may desire. If, for instance, the House of Representatives were to prove entirely recalcitrant and to refuse absolutely to vote the Budget, under

the Constitution the Diet may be dissolved and the Budget of the preceding year carried out. It is abundantly clear, therefore, that the Diet has no real control over the nation's finances; and that by a series of adroit moves, providing no national outcry is raised, the Government of Japan can act legally under the Constitution as arbitrarily as the Czar and his advisers have done in Russia unhampered by such a document.

This is a remarkable conclusion to arrive at; but minor indications have already shown it to be true. For example, although the Government has taken good care, in order not to impair its foreign credit, to secure that the vital question of the yearly Budgets has never become openly acute, it has been alleged again and again that only a system of "influencing" obstreperous members of the House of Representatives could have secured this end during recent sessions, and that by the use of simple arithmetic the Government computes exactly how much an unpopular Budget will cost. No greater proof could be had of the occult influences at work than the fact that the crushing Budget¹ of the fortieth year of Meiji (the financial year of 1907-1908), amounting to upwards of six hundred million yen and therefore several times as great as the largest *ante-bellum* Budget, was passed *en bloc* by the House of Representatives *in less than three hours*.

¹ It will be observed that under the Constitution this crushing Budget might be repeated year after year without the consent of the Diet.

Further, although Article 72 of the Constitution provides an extra-parliamentary check on the disbursing of public moneys, by laying down that the final accounts of the revenue and expenditure of the State shall be verified and confirmed by a special Board of Audit, no pains and penalties attach to a Ministry which is discovered to have disbursed illegally and without due sanction. Thus the Board of Audit has now finally stated that the Katsura Ministry, which was in office during the war, disbursed several million yen illegally; but that anything is to follow from this verdict is not apparent. Finally, to close this analysis, the last Chapter shows how modifications or amendments of the Constitution may be secured; but these clauses, with the control which the Government possesses and will make the greatest efforts permanently to retain, are largely nugatory.¹

In all these circumstances, then, what is the real Government of the country? It may be said to be the groups or coteries of men who owe allegiance

¹ No mention has been made of another very important means possessed by the Government in maintaining perfect control over the people. This is the Japanese police system—undoubtedly one of the most detestable in existence. It is far more wide-spread than the vaunted Russian system, and its espionage penetrates every secret. Whence the Japanese police derive their extensive powers it is hard to say; many of their actions must be held unconstitutional, even in such a country as Japan. They are able to forbid public meetings; to summon newspaper editors to their offices and to rate them soundly for their opinions; to invade stock and produce exchanges and to call “bulls” and “bears” to account; to open letters; to effect domiciliary searches; to threaten private individuals; whilst so-called “police-dogs”—*Anglicè* spies—are always ready to trump up cases under official instructions. The whole system is a disgrace to Japan.

to the various *Genro*, or Elder Statesmen, and who combine together in such fashion as to retire and be elected to office by a system of rotation, which goes on just as regularly as it did in the days immediately after the Restoration, although the so-called Constitution has now been in force for seventeen years, and nominally the country should be governed on purely party-government lines. This branch of the subject is so important that further explanation is necessary for the sake of clearness.

First of all, the *Genro*, or Elder Statesmen, may be said to be those statesmen still alive who, beginning to play small parts at the time of the Restoration, when they were young men, automatically succeeded their elders as years went by and those older men had died; then took their places as responsible Ministers during the first great reconstruction period, which may be said to have ended in 1900; and finally vacated such substantive appointments in favour of younger men in order that they might surround the Throne as the chief members and real controllers of the Emperor's Privy Council, thereby securing continuity of policy and the preservation of the old clan-rule under the modern and sanctified forms of the West, which had finally been adopted so as to allow Japan to enter the family of nations. At the moment of writing there may be said to be five *Genro*, although sometimes other less important members of the Privy Council are spoken of as such. These are: Marquis Ito, Marquis Yamagata, Count Inouye, Count

Matsukata, and Marquis Oyama—the order of precedence is not necessarily the order of importance. There are thus two military members, Marquis Yamagata and Marquis Oyama; two financial members, Count Inouye and Count Matsukata; and one advocate of nominally constitutional government, Marquis Ito; and the whole policy of the Government of Japan consists in harmonising these three elements—the military, the financial, and the nominally constitutional. Of the five *Genro* there can be but little doubt that the cleverest and most erudite is Marquis Ito; and the next point is that the Emperor is cognisant of this fact, and, recognising that civil authority must ultimately be supreme, inclines always to take Marquis Ito's political advice. But the Restoration was only consummated owing to the loyalty of the two militant clans of Choshu and Satsuma, and the throne of Japan owes its present secure position to the unswerving loyalty of the first clan, the clan of Choshu. It is clear, therefore, that the Emperor as Commander-in-Chief of the Army and Navy—in both of which services the higher officers have in the past been largely drawn from these two dominant clans and the smaller clans which are affiliated to them—must preserve a species of balance of power between the two rival elements, the civil and the military, by allowing matters to move slowly and naturally, and would be ill advised to sacrifice the loyalty of the military party to obtain doubtful results with what is largely unorganised and only “in the air.” It will be understood from

this that the Emperor of Japan has during past years shown himself possessed of the highest ability in being able to determine at each crucial period whose advice he should accept ; and, without flattery, it may be said that he is worthy of the extreme respect of political students for the manner in which he has invariably acquitted himself in a most difficult position.

Of these five Elder Statesmen, three belong to the clan of Choshu—Marquis Ito, Marquis Yamagata, and Count Inouye ; one to the clan of Satsuma—Marquis Oyama ; and the fifth, Count Matsukata, born at Kagoshima, may be said to have been only “affiliated” to these clansmen because of his marked financial ability, which indeed has largely helped to make modern Japan what it now is. But whereas Marquis Yamagata, the leader of the military faction, is “well-born,” Marquis Ito is of the humblest origin, and may be said to have raised himself to his present position solely through his ability ; his case is, therefore, specially interesting. Finally, whilst Count Matsukata has played by far the more distinguished *rôle* in the making of financial Japan, it is not he but Count Inouye who is the ultimate referee in financial matters—the former statesman being rather the departmental expert, the latter the decisive judge in decreeing how far the Government can afford to go in any given direction in the spending of public moneys.

From these few remarks regarding the *Genro*, certain features of the real Japanese Government system should now be somewhat clearer. The four

chief *Genro*—for Marquis Oyama's inclusion in this favoured circle is recent, and he is but the echo of Marquis Yamagata's voice—actually represent a balance in favour of the civil party as opposed to the military ; but in view of the fact that so long ago as the 'eighties both a Chinese war and a Russian war were considered inevitable if Japan was to take her proper place in Asia, the military-naval faction, of which Marquis Yamagata is the much-respected and astute leader, has never ceased to exert the most profound influence on the whole course of Japanese politics—an influence indeed which only permits itself to be temporarily modified when the financial members are able to show good reason why such modification should take place, or why time must first be gained before putting large plans into operation. The military-naval faction may therefore be said to be the backbone of the Japanese nation, whilst the financial and constitutional elements are but foreign graftings which shape with the general growth. And as the military and the navy are entirely in the hands of adherents of the dominant clans of Choshu and Satsuma, it is clear that the old clan-rule is still supreme and is only swayed by the less uncompromising bureaucratic elements, of which Count Inouye and Count Matsukata are the leaders, when routine work is quietly proceeding ; whilst Marquis Ito is content to depend on his small personal following and his great personal influence with the Emperor to secure that common-sense shall dictate constant compromises.

In such circumstances the composition and duration of Japanese Ministries depend on a dozen considerations which never enter into the calculations of statesmen in really constitutional countries. The mere fact that a Japanese Ministry is responsible only to the Emperor and not to the Diet, and that the Emperor in turn only exercises something closely akin to a casting vote in the deliberations of his *Genro*, makes all Japanese Ministers the humble juniors of the Elder Statesmen, and forces them indeed to arrange endless compromises behind the scenes before the perfunctory work of inviting the approval of the two Houses of the Imperial Diet is attended to. Thus it is always almost absolutely certain that any vital measure, such as the annual Budget or a Bill dealing with some acute foreign question, will be passed by the Diet, for the simple reason that it is not presented to the Diet until there is absolute agreement among the real wielders of power in Japan, and that if the only possible source of trouble—the House of Representatives—were to prove fractious, a dissolution would promptly follow an unfavourable vote. That such dissolutions largely stultify the declarations of the Constitution has hitherto not caused much concern ; but as soon as the Japanese press becomes more powerful and the growing middle-class waxes richer, there must be great trouble, or else Japan will not really be worthy of being called a modern nation.

A further circumstance also tends to accentuate the fact that a Japanese Ministry is simply composed

of the personal retainers of the Emperor, retainers who are merely vested with certain authority to carry on the business of the country. The fact is that owing to the small salaries which Ministers are paid by the State, the Emperor sets apart for the use of the Premier a sum sufficient to double the nominal stipend ; and in the case of Ministers and Vice-Ministers, relatively larger sums are diverted from the Privy Purse so as to secure that the rank and dignity of Government officers may be fitly maintained. And as under the Constitution (Article 10) the Emperor appoints and dismisses all civil and military officers, and determines their salaries, it may be said that almost the entire body of office-holders in Japan, from the Prime Minister and the great Army chiefs to the lowest clerk and most junior subaltern officer, consider themselves the retainers of the Emperor, and are inclined to look with a disdain bordering on contempt on the parliamentary edifice erected under the Constitution of 1889.

This state of affairs, unfortunate in itself, is further aggravated by a number of deplorable circumstances to which specific reference must now be made. The condition of political parties is so debased in Japan that everything possible has already been said about them quite openly in the Japanese press ; here, however, it is only necessary to give a few of the more interesting and significant details. As has already been mentioned, it was solely the agitation of embryonic political associa-

tions which at last convinced the Government that nominal concessions must be made to the nation at large, and which secured in 1881 the promulgation of the Imperial Rescript promising constitutional government within a period of ten years. The first political party was organised in 1874 by Count Soejima, Count Goto, and Count Itagaki—then all commoners—and it was they who conducted this agitation for the establishment of constitutional government. This party called itself the Liberal Party, but it was rather a democratic association than a party with any very definite propaganda; and it was not until Count Okuma organised the so-called Progressive Party in 1882 that definite programmes of reform were adopted. The very first meetings of the Diet were, therefore, the signal for the fiercest struggles between these two political parties, uniting as one in the face of a common enemy, and those Representatives who were content to follow blindly—for a price—whatever Ministry happened to be in power. The result was a constant readjustment of Ministries which took place almost month by month during the first ten years of Japanese parliamentary life. By 1900, however, Marquis Ito had become so convinced that some change must be made if the whole system of constitutional government was not to fall into open disrepute that he took upon himself to organise the *Seiyukai*, or so-called Constitutional Party, and in the following year he formed his fourth and last Ministry from the members of this

association. This Ministry was designed to be one such as should really obtain in liberal countries ; but although the personality of Marquis Ito commanded an overwhelming majority in the Lower House, the Upper House soon asserted itself and refused to pass his measures. And even though the Emperor issued a Special Rescript to the House of Peers ordering them to reconsider its position, Marquis Ito's last attempt to make real party-government possible, ignominiously failed actually in the same year that it had been attempted. The old forces were too strong and too defiant. And with the military Ministry of General Count Katsura firmly in office from 1901 until the end of the war, we come immediately to the present period.

The two principal political parties of to-day remain the same as before the war—the *Seiyūkai*, which was formed by Marquis Ito, and the *Shimpō-to* (the Progressive Party), which was the creation of Count Okuma. Both of these statesmen, however, have now resigned the leadership of their respective parties. But whereas Marquis Ito remains the adviser of his Constitutional Party—his appointment to the Residency-General of Korea made it inevitable that he should resign the actual leadership—the case of Count Okuma is quite different. He has practically abandoned all active part in politics in open disgust, as he holds that things have gone from bad to worse. From first to last Count Okuma had been an advocate of true representative government ; and this of course early

brought him into open conflict with the uncompromising conservative elements in the country. Although he was a full Minister more than a quarter of a century ago—in the 'seventies and 'eighties he was in charge of the Treasury—it was not until he became Minister for Foreign Affairs, and undertook the important work of revising the treaties concluded with the Powers before the Restoration, that his name came conspicuously and dramatically before the public. It was no other than Count Okuma who proposed, before the promulgation of the Constitution, to secure Japan's tariff and judicial autonomy by permitting foreign assessors to take their seats in Japanese Appeal Courts; and his immediate reward was an attempt at assassination which nearly succeeded and actually caused him the loss of one leg. After this it was some years before he re-entered active political life; but in 1896, after the Chinese war and the conclusion of the revised treaties with the Powers, he made one more attempt to become a factor in the government of the country. He was Foreign Minister again for a brief period in 1896, and finally Premier in 1898; but it was soon clear that he could not face the strong opposition always brought against him, and accordingly he relapsed again to his old position as the uncompromising leader of the Progressives—a leader necessarily devoted to destructive criticism. So far from any attempt being made to win him over to the side of the old *régime*, every effort has been made to secure that he shall never enter the charmed

circle of the *Genro*, so that his enforced isolation may destroy the cause he advocates.

Perhaps it is this which has at last caused Count Okuma, after thirty years of political warfare, to retire definitely from public life and to abandon the leadership of the Progressive Party. In a somewhat remarkable manifesto, issued on the occasion of his retirement, which took place only last year, the members of the Progressive Party show that were the electorate more enlightened, the position of the present Government could be made untenable, and a complete change of programme insisted on. But the manifesto must be allowed to speak for itself :—

“Whereas the Japanese Empire—owing to the victory of the late war—has secured rank among the Great Powers of the world, the situation at home and abroad has largely added to the responsibilities of the Empire. This change in the order of things demands many new undertakings and improvements, the principal of which are noted below.

1. Whereas the improvement—diplomatically speaking—of the position of the Empire since the war has given a great advantage to the Empire in dealing with diplomatic questions, Japanese diplomacy remains as inert as ever, many questions of an important nature concerning Russia, the United States, China, and Korea still remaining unsolved. This is a matter to be deeply deplored. The authorities should be more alert in their negotiations with other Powers.

2. Whereas it is out of the question to readjust the national finances and strengthen national credit by any other means than by framing a Budget with care and precision, maintaining a permanent equilibrium between revenue and expenditure, at the present moment, when the essential part of the *postbellum* undertakings have to be

planned, it is urgent that the Government should not be allowed to resort to such an irresponsible act as to frame a Budget which is only of a temporary character. It is necessary to effect administrative reforms, to readjust the national system of taxation and the National Debt, thus placing the nation's finance on a steady basis.

3. Whereas the principle of extreme uniformity impedes the progress of education, the authorities should at once exercise themselves for the development of education without prejudice in public and private schools. A defective system of education only tends to distress students, and is calculated seriously to impair their healthy development, physically and mentally. The relation and connection between lower and higher schools should be well regulated, and the path for a higher course of study should be open to all ambitious youths.

4. Whereas the improvement of harbours, the construction of new railways and the improvement of existing lines are matters of an urgent nature ; and whereas it is of equally urgent importance, in developing the national resources, to extend the steamship services and to improve legislation relating to the emigration of labourers abroad ; every possible effort should be made to achieve these works.

Breaking through the generalities of this manifesto may be seen the discontent of thinking men at the rigid programme which the Government of Japan is bent on carrying out, and which will be dealt with in detail later. The general idea is that the existing Government is sacrificing the interests of the present day in order to attain some great end during future years, and that to reach this goal the rigid bureaucratic structure rolls on like a ruthless Juggernaut's car.

With the retirement of Count Okuma from public life, Japanese politics assume a still more question-

able aspect. Whilst the *Seiyukai* (Constitutional Party) commands the largest number of members in the Lower House and actively supports Marquis Saionji, the present Prime Minister, there is no doubt that it is in a greater state of corruption than ever before, and that its apparent solidarity is only purchased. Tokyo newspapers have not hesitated to publish from time to time complete lists of the number of shares in new semi-government ventures "reserved" for loyal members of the Lower House, and have openly stated that bribery is now so common as to arouse no comment whatsoever. Further, as the military party have hitherto lacked definite support in the Lower House, it was one of the first objects of Count Katsura, the Premier of the War Ministry which vacated office as soon as the Portsmouth Treaty had been definitely ratified, to make good this deficiency. Accordingly his lieutenants organised the so-called "Daido Club," which now possesses a membership of some eighty Representatives, and is thus able by allying itself to the Progressives, who command ninety seats, and by securing the co-operation of the Independent group (*Yukokai*), to threaten to turn the scales against the Government unless the military party is conciliated and constantly consulted. A great outcry was very recently aroused—in March and April of 1907—by the curious manœuvres adopted by the Saionji Cabinet to ensure the passage of the so-called *Gun* or County Bill, a local administrative measure which was of little interest to the Representatives, but

which the Daido Club, or military party, threatened to have rejected. The result was that when the Bill in question had been pushed through the House of Representatives by the narrowest margin, a Tokyo newspaper promptly published a full list of the bribes received by Representatives, giving in addition the name of the place where the whole business was managed, and deliberately challenged libel proceedings. And although in these circumstances the Lower House was forced perfunctorily to appoint a Select Committee to inquire into the matter, nothing came of the inquiry, for the simple reason that so many were implicated that a full exposure might have broken down the whole system of government and have discredited Japan before the world.

Enough has perhaps been said—the writer has collected several dozen newspaper lists of bribes reported to have been received during the past eighteen months—to show that the House of Representatives is thoroughly corrupt; that there is but little general compunction at this state of affairs; and that it suits the present policy of the Japanese Government that these deplorable conditions should continue and even grow from bad to worse. For whilst such conditions obtain, the House of Representatives is necessarily so pliable that the Ministry in office can act much as it pleases and can complete a programme which, as will presently be shown, is not only dangerously speculative but actually inimical to neutral interests in Eastern Asia. A House which can pass an enormous Budget in less than

three hours fully deserves the crushing sarcasms which the *Kokumin*, one of the four great Japanese daily newspapers of the capital, recently heaped upon it by gravely suggesting that in view of the excellent internal organisation of the House of Representatives, it might be well now to dispense with the personal attendance of Members during session. They could be placed in direct telephonic communication with the Houses of the Imperial Diet by the ready co-operation of the Ministry of Communications, and then telephone their votes almost simultaneously. This would save time and worry, and permit business to be very rapidly transacted : whilst there would be nothing left for the newspapers to criticise. Mr. Ozaki, the Mayor of Tokyo—a member of the *Yukokai* or Independent group and acknowledged on all sides to be a most able man—has gone even further than this, and in an interview recently published in a great number of Japanese newspapers, has delivered a scathing indictment of the existing state of affairs. His statement, indeed, is of more than passing importance, since it shows that self-respecting Japanese of independent views are thoroughly alive to the underlying dangers of the present parliamentary position and that they desire an immediate change. Mr. Ozaki said :—

“ There are some who are working for political reforms, but in the present circumstances it will not be easy for them to carry out their intentions. The political circle in these days is corrupted and degraded, as is well known to political observers ; and accordingly the cry for reform is raised among members of the House as well as among those who are not members. It is unfortunate to have to

state, however, that no one has sufficient self-confidence, courage, and zeal to undertake this arduous task of self-reform.

"Frankly speaking, the very men who loudly cry of the necessity for reforms in political circles are those who are in reality almost at the bottom of the abyss of depravity and corruption. The number of those members who are really and conscientiously thinking of the introduction of a new atmosphere, is indeed small. The knowledge and character of the mass of the Japanese people stand too low to introduce political reforms.

"Unless general knowledge makes progress, it is next to impossible to introduce the intended reforms. The people must be educated up to a stage when they feel indignant at the mere name of corruption prevailing among the members. Their sense of morality and responsibility must be so acute as to recognise of their own accord that corruption and degradation in political circles will be fraught with grave dangers for the smooth working of constitutional forms of government in Japan. This awakening of the sense of justice among the people is necessarily an initiatory step towards political reforms at the present moment.

"The country where the parliamentary form of government is most successfully worked out is England. The zeal and respect with which the English people regard politics is noteworthy. The Parliament in England is to Englishmen the place where they realise the duty and happiness of Englishmen. In whatever direction Englishmen may succeed, this success will be employed as a means of getting a seat in Parliament, which is regarded as an ideal place where Englishmen may perform their heavenly-endowed duty, leading at the same time the happiest mode of existence. In these circumstances men of letters, those engaged in business, or those who have had any success in any branch of human activity, will try to find seats in Parliament, which, to their eyes, is a paradise where they may enjoy the highest honour and happiness. We find a number of *litterati* in the House of Commons, and many others who have succeeded in other branches of human occupations. Thus the British Parliament is an assembly

of men excelling in wealth, knowledge, and skill. It may be said that the parliamentary life in England is one of the happiest on earth. My lips refuse to utter any commendatory remark when I come to think of the copy we have made in Japan. Not to speak of wealth, where are knowledge and skill?

"Is it an assembly of the elite of the nation? Never! Parliamentary life in Japan, therefore, is of the unhappiest and dullest description. Not only is little importance attached to the value of speeches; but the behaviour and talk of the House are uncouth and full of dirty and miserable motives that appear impossible to exist in the eyes of sober observers. What is worse still, members do not seem to be ashamed of their own conduct. In point of attainment and character, none can be so imperfect and wretched as these members of the Diet in Japan. It is an assembly of the lowest types of men. Thus in attending the House, sober thinkers feel as if they were being conducted to a Hell or assembly of devils. It is absolutely a mistake to imagine that one feels at home in the Japanese parliament. Neither happiness nor any taste exists in the House. I console myself with the feeling that my duty in the House is to lead, instruct, and train other members. In meeting, therefore, the rough and uneducated members, I cannot keep from entertaining feelings of compassion. If any one attends the House with a view to learn anything there he would be greatly mistaken. Instead of improving himself, he would be made ill by coming into contact with conditions of corruption and degradation, and with the power of the Prince of Darkness ruling there.

"The condition of our political circles may be chiefly attributed to the ignorance and low characters of politicians and members of the Diet, but the Government must be held in a measure responsible for bringing about this degradation. It is a striking fact that the Government, in order to cover up defects in its policy, has constantly resorted to measures of corruption. At the time of the most recent elections the then-existing Cabinet, in order to increase the strength of the pro-governmental party, inter-

fered with the voting, thus implanting the germs of corruption among members. Of late the number of members who shape their opinions and move about in accordance with the principles of the party to which they belong has been greatly decreased. With most of the members, considerations of self-interest are of primary importance. The sound character which our Diet might possess was witnessed in its first session. The degradation of members since then has been quite rapid, and the behaviour of the members of the twenty-third session of the Diet¹ impresses us with the idea that parliament has now reached the acme of corrupt and indecent conduct. The moral side of our assembly has been degraded to such an extent, that the mode of political action has also shown a marked depreciation. Politicians in Japan seem to attach some importance to their debating power, but this power is used not for the furtherance of political interests, but for themselves only or for their own particular districts. The debating power of members mostly seems to be directed towards an attack on individuals or bodies of men. We find very few who are really anxious to uphold the principles of their own party and to make it their duty to give instruction to the people at large. All my language fails me to express the degradation to which the members of the Daido Club recently sank. Even if we ignore their unprincipled conduct, the predominating party in the House of Representatives, the Constitutional Party, shows that their movement in the twenty-third session of the Diet was not very honourable."

This indictment leaves nothing to be desired in the way of clearness. With a parliament so corrupt, it is not surprising that an atmosphere of intrigue and distrust—in which loyalty to the Emperor and the domination of the clan element are the only permanent features to be discerned—

¹ The session of 1907.

should predominate in all centres throughout the country. In one of his last letters, Lafcadio Hearn, who had ample opportunities of seeing behind the scenes, has the following significant passage :—

“ We are all in Japan living over earthquakes. Nothing is stable. All Japanese officialdom is perpetually in flux—nothing but the Throne is even temporarily fixed ; and the direction of the currents depends much upon force of intrigue. They shift, like currents in the sea, off a coast of tides. But the side-currents penetrate everywhere—and swirl round the writing stool of the smallest clerk, whose pen trembles with continual fear for his wife’s and babies’ rice. In the Orient, intrigue has been cultivated as an art for ages, and it has been cultivated as an art in every country, no doubt. But the result of the adoption of constitutional government by a race accustomed to autocracy and caste, enabled intrigue to spread like a ferment in new forms, through every condition of society, and almost into every household. It has become an infinite net, unbreakable because as elastic as air, though strong enough to upset Ministers as readily as to oust clerks. Tokio takes out of me all power to hope for a great Japanese future. . . . At present I think it can be truthfully said that every official branch of service shows the rapidly growing weakness that means demoralisation.

“ It strikes me that in another twenty years, or perhaps thirty, after a brief artificial expansion, all the ports will shrink. The foreign commerce will be all reduced to agencies. A system of small persecutions will be inaugurated and maintained to drive away all the foreigners who can be driven away. . . . Life will be made wretched for Occidentals—in business—just as it is being made in the schools—by all sorts of little tricky plans which cannot be brought under law-provisions, or even so defined as to appear to justify resentment—tricks at which the Japanese are as elaborately ingenious as they are in matters of etiquette and forms of other kinds. The nation will show

its ugly side to us. . . . My conclusion is that the charm of Japanese life is largely the charm of childhood, and that the most beautiful of all race childhoods is passing into an adolescence which threatens to prove repulsive."

Coming, as it does, from one who was from first to last a friend of Japan, this utterance may for our present purpose be allowed to stand as the final word on the subject. It may be held, then, to have been definitely established that Japan is in a most unstable condition internally, and that one of the objects of the Government is to secure stability by the execution of a definite foreign programme which will conciliate the people, take attention away from home, and, by creating wealth, generate content. Imperialism is thus the panacea which is counted on to heal all ills; if that Imperialism fails, the result will be one of the greatest crises an Eastern country has ever had to face. The loyalty of the Army and Navy is therefore assiduously cultivated, and owing to the real love and respect for the Emperor which exist, this is not a very hard task to perform. The list of distinctions and monetary rewards bestowed on the non-commissioned officers and men engaged in the late war filled the Government Gazettes for many weeks, and was on an unprecedented scale, the total number of recipients shown in the various schedules amounting to no less than 516,426. These rewards and distinctions were divided into four classes, as follows:—

First class (*Shukun*, or "special merit"). In this class there are 57,356 names; the reward in each case is the

Order of the Golden Kite, together with a yearly pension.

Second Class (*Kunko* or "high merit"). In this class there are 315,388 names; the reward in each case is the Order of the Rising Sun and a sum of money.

Third Class (*Kunro*, or "brave service"). In this class there are 124,538 names; the reward is the Order of the Sacred Treasure and a sum of money.

Fourth Class (*Koro*, or "meritorious actions"). In this class there are 19,144 names; the reward is a sum of money.

Thousands of naval and military officers were rewarded in this way, until everyone having the slightest claim to the attention of the Throne was fitly reminded that he formed part of a system which is still the very life and soul of the country.

To sum up: the condition of internal affairs in Japan resembles, in an aggravated form, that obtaining in the three military empires of the European Continent, two of which have for many years been looked upon with growing suspicion by the liberal Powers, certainly for no better reason than that which is to-day offered by modern Japan. To outward appearances the Japanese people have secured all those rights which the Emperor solemnly promised to grant them after the Restoration of 1868; but as a matter of fact they are completely unable to safeguard their liberty and independence. They possess no real power over the Executive; they do not direct foreign policy; they do not regulate the strength of the Army and Navy; they cannot release themselves from the domination of the bureaucracy and the police; and, finally, they

do not exercise any effective control over the finances of the country. And these things are so in Japan, as in Russia, because of the fear that the breakdown of autocracy means ochlocracy, or mob-rule.

CHAPTER III

JAPANESE FINANCE

THE history of Japanese finance, from the time of the Restoration of 1868 until to-day, is only the true story, in another shape, of the Japanese people trying to rid itself of those encumbrances and grievous limitations which were placed on the nation by the Shogunate. It is a record of a constant struggle to create quickly, with the magic of modern forms, since those forms had to be accepted; it is a record of an attempt to force Japan to take her proper place among the nations without placing her industrial and commercial future under foreign mortgage, to build up in decades what Western countries have only consummated after centuries of unconscious yet consistent endeavour, and to keep the Japanese nation and its characteristic susceptibilities intact whilst always hurrying onward, at a phenomenal speed, towards the great goal of complete international independence. From the very beginning the leaders of Japan—those few wise men whose peculiar genius for taking detached and dispassionate views belongs rather to scientific

laboratories than to Government offices, and whose work is but faintly understood in Europe—knew well that side by side with constant effort there would have to be constant supervision and constant restriction, on account of certain national characteristics. These statesmen have therefore constantly exercised a powerful restraining influence, which would be possible only in countries where the unwritten law reigns supreme, and by these peculiar means have always managed to bring each phase of the attempt to a conclusion having a definite appearance of finality and of success.

The year 1868, the beginning of the so-called *Meiji* or "Era of Enlightenment," found Japanese finances in hopeless confusion. In the old days Japan had been rich in coined and uncoined gold—rich as riches went before the great discoveries of the precious metal in Australia and America; but after the Perry Expedition, European and American traders began to buy up all the gold which they could find hoarded in the country. While this extensive and dangerous depletion was taking place, the ratio between gold and silver in Japan remained not very different from what it had been during the palmy days of the Shogunate; and, especially in the far-off country districts, gold was estimated far below its real market value, and the ratio between it and the inferior white metal continued unduly high. It was therefore very profitable for Europeans in those days simply to trade on Japanese ignorance, and many fortunes were lightly made by

the exchange of silver for gold. Here it is useful to remark that, without bestowing the amount of thought and discussion on the subject which America and Europe have deemed necessary, Asia has always been, instinctively, not so much silver-using as bimetallist, *i.e.*, devoted to a monetary system in which gold and silver are on precisely the same footing as regards minting and legal tender. Japan, indeed, was bimetallist in the strict sense of the word; for in Japan gold and silver were both coined and bore a definite relation to one another. In China, on the other hand, gold and silver have seldom been coined, but have been estimated by the rudimentary standard of weight-value. Standards of weight and fineness, minutely specified, were sufficient to satisfy the markets of China; in old Japan the love of the exact and the specific which is still such a characteristic of the inhabitants, and the teachings of the old Dutch traders, had given special incentives to the constant coining of both metals. Under the Shogunate this coinage frequently became debased by sharp practices; yet it was always a recognised currency of recognised value. In both China and Japan, however, trade, until the coming of the foreigner in post-treaty days, had always been interprovincial and domestic rather than international. Each Empire, being self-contained and self-sufficient, like every other country in Asia, had in due course evolved a credit system, reinforced by periodic specie payments, which had become the real backbone of the monetary arrange-

ments of both. Silver bullion and gold bars, or coined tokens of both metals, were at first the luxuries rather than the necessities of Far Eastern commercial and industrial life.

With the Restoration of 1868, the new central Government of Japan naturally enough had its hands more than full financially. A large deficit in the public revenue had to be met by the issue of paper money, and the burden of responsibility for more than sixteen hundred kinds of notes issued by the feudal lords had to be accepted. This financial confusion was boldly tackled by the Government, which replaced the paper of the Daimyos with its own currency; but the constant efflux of specie from Japan, for reasons which have already been mentioned, at last made the Government unable to do its part of the work. The new Government notes soon became that dangerous thing, inconvertible paper money, and financial distrust grew widespread. It was in those days of forty years ago that a first realisation was had by Japanese statesmen of the extraordinary difficulties which would have to be successfully surmounted before Japan could become even a minor modern Power.

In 1870, accordingly, Marquis Ito—then only a plain commoner, beginning to distinguish himself by his ability and his devotion to the Emperor—was sent to America to investigate the financial arrangements of the United States. Without much knowledge of the historical evolution of banking, he returned home with the recommendation that the

American national banking system should be adopted in Japan. In accordance with this advice, the National Bank Act was passed in November, 1872. Under this Act any bank having a paid-up capital of not less than £5,000 sterling was allowed to issue notes convertible into gold, so long as Government Bonds to the extent of sixty per cent. of the value of the issue were held in the safes, and the remaining forty per cent. was covered by a specie reserve which would serve as a Redemption Fund. In spite of this incentive, only four National Banks were at first organised under the Act ; and although the Government began to put into operation its plan of redeeming the inconvertible paper money which it had issued in such quantities, by creating a new class of security, Redemption Bonds, but little good came of its efforts. The four banks issued only two million yen of notes ; gold went to a considerable premium as compared with paper, and silver shared in this appreciation ; and the efflux of bullion, which had been steadily going on for so many years, soon caused the banks to lose their specie reserves and thus rendered their position untenable. The first steps had been proved failures.

Radical amendments to the Banking Act were consequently introduced in 1876, under which bank-notes guaranteed on Government Bonds became convertible into the old Government notes instead of into gold. This alteration simply meant that the new bank-notes were as inconvertible as the old paper money, and were only legal tender and nothing

more. The issuing power of the banks was also raised, and they were even permitted to secure their note-issues by Government Bonds to the extent of eighty per cent., the remaining twenty per cent.—instead of being a gold reserve—consisting of Government paper. It was obviously an impossible situation. Yet the issue at this juncture of 180,000,000 yen in Government Bonds to feudal pensioners, as compensation for the abrogation of hereditary rights held under the Shogunate, supplied the necessary funds for the prosecution of these peculiar financial novelties; and by 1879 no less than one hundred and fifty-three National Banks, with a total capital of about fifty million yen, had been organised throughout the country. Bank-notes, secured in the illusory manner which has been detailed, grew enormously in numbers, and soon the Minister of Finance had to be given powers to restrict both their issue and the number of banks. Yet even such restrictions did very little to alleviate the situation.

The results of such an inflated currency were, of course, economically disastrous. Prices rose for every commodity; the rate of interest doubled; and Government Bonds soon lost their value. The situation was becoming more and more critical, when the Government of Japan, having employed its leisure since the Restoration of 1868 and the crushing of the Satsuma Rebellion in 1877 in thoroughly mastering the main propositions of finance, determined gradually to reduce order out of chaos, and organised the Nippon Ginko, or Bank of Japan.

From the establishment of the Nippon Ginko in 1882, a quarter of a century ago, the Government of Japan has pursued with iron resolve its plan of completely dominating, through its appointed agents, the entire financial life of the country, and of allowing nothing, not even foreign capital, to interfere in the slightest with the plan of campaign which was finally settled on. Decentralisation having proved a failure, centralisation was adopted. A comparative study of the banks of Europe had led the Japanese experts to prefer Continental rather than English banking methods, and in the highly-organised Bank of Belgium, with its lack of that elasticity which is so prominent in Anglo-Saxon institutions, the Japanese found their ideal. On the Bank of Belgium the Nippon Ginko was therefore modelled. The 150,000 shares were subscribed by a limited number of persons, mainly highly placed, whilst the Imperial Household—which term comprises the Emperor and his family—absorbed nearly half the issue.¹ Thus even this Central Bank exemplifies as much as anything else in Japan the immense hold which under new forms the old *régime* still has on the country.

By 1884 the organisation of the Nippon Ginko had been completed, and a new Act was therefore issued empowering the Bank to issue notes which would be convertible in the true sense. By this measure it was hoped slowly to do away with the

¹ It is interesting to note that the 70,000 shares in the Nippon Ginko held by the Japanese Imperial Family have to-day a market value of £7,000,000 sterling.

useless paper currency of both the Government and the former National Banks, which by 1881 had reached the large total of 155,000,000 yen. Count Matsukata, the brilliant Finance Minister who for the next two decades practically controlled the whole of the Government's financial measures, now set to work cautiously, and success speedily began to crown his efforts. By the restriction of Government paper and by tax reforms which afforded an increased revenue and a handsome annual surplus, it was possible to adopt a policy of accumulating an ever-increasing specie reserve. By these measures in the year 1886 parity between the silver price of the old paper money and the metallic currency had been brought about, and by applying the annual surplus from revenue account to the purchase of specie from abroad, the position of the Bank of Japan was constantly being much improved. By 1890 all the old Government notes had been withdrawn with the exception of forty million yen, and measures were framed so as completely to redeem this last remainder by the end of 1896. As to the notes of the old National Banks, amounting in value to the sum of thirty or forty million yen, their gradual redemption was effected by a series of enactments which transformed these institutions into purely private banks and induced them to change their paper for the notes of the Nippon Ginko. Before 1899 their notes had entirely disappeared.

Side by side with the questions of note currency and State banking, the more subtle problem of the

metallic currency and of the standard finally to be adopted in Japan was pushed forward towards solution. The number of coins—gold, silver and copper—in circulation at the time the central Government took over control from the Shogunate was nearly three hundred, whilst there was a corresponding variety of feudal notes. As early as 1869, a year after the Restoration, a Government mint had been established, and it was at first determined to base the new coinage on the metric system, making silver the standard unit of value and gold subsidiary. But Marquis Ito's financial mission to America, to which reference has just been made, if it led to a false national banking policy, at least paved the way for the establishment of a gold standard. In a memorandum written in 1870 he pointed out with singular clearness that gold was the basis of all exchange operations in Western countries and that it was essential that Japan should adopt the same standard. A set of new coinage regulations was accordingly drawn up, in which the weight, size and fineness of every coin were minutely specified, and in which a silver Trade dollar (designed to drive off the insidious Mexican or Caroline dollar, which kept coming into the country in great quantities) took a prominent place. But although Japan had thus apparently adopted the gold standard in principle at this early date, the measures taken to give it effect were quite inadequate. It is true that an immense amount of gold was actually coined, but every piece that came

on to the market was eagerly snapped up and exported, and much the same thing occurred even with silver. By 1878 the Minister of Finance, confused by the outlook, was advising the Government to adopt gold and silver bimetallism as a policy more conducive to the country's prosperity than an illusory gold standard. Under the Imperial Ordinances issued in the same year the free use of the silver yen and the Trade dollar throughout the country as legal tender was sanctioned, and Japan, although theoretically bimetallist, temporarily became quite frankly a silver country.

It is unnecessary to dwell on the various fortunes which attended this shifting policy. During the 'eighties, with the comparatively high price which silver enjoyed throughout the world, Japan's currency evils were obscured; with the closing of the Indian mints to the free coinage of silver in 1893 the question became once more acute.

The Japanese Government had watched with concern a number of things which gradually fortified it in the resolve to adopt a true gold standard, when it was physically possible to do so. Especially had it been attracted by the spectacle of the great financial improvement introduced into Germany with the establishment of the German Empire and the unification of the coinage systems in vogue in the various portions of the country by the simple method of decreeing a gold standard. The great sales of German silver in the 'seventies, which depreciated the white metal and filled with alarm the countries

of the Latin monetary union (and many others which were then far more bimetallist than monometallist in their tendencies), had also told their lesson. And the gradual adoption throughout the civilised world of an absolute gold standard, together with a strict limitation of the coinage of silver and the hoarding of silver reserves, were the last arguments necessary, for one by one the nations had followed the example of Germany, and from the United States to Russia gold became the sole and absolute measure of wealth. Japan's action was, therefore, merely postponed until ways and means had been found ; and although the struggle in the United States, if not to rehabilitate silver, at least to stop its further depreciation—a struggle which may be said to have lasted for eighteen years, from the passing of the Bland Act to the defeat of Mr. Bryan in the Presidential Campaign of 1896—gave Japan a breathing space which was utilised, as already indicated, to rectify her paper issues, she now never lost sight of the fact that the absolute gold standard must be attained as rapidly as possible. In 1893 a Japanese Commission was appointed to examine the whole question minutely, and its work was hastened in 1894 by the fact that the ratio of gold to silver fell below 1 to 32. By 1896 the Commission had finished its labours, the majority of its members having advocated in absolute terms the immediate adoption of the gold standard. The difficulty of at once creating the large gold reserve necessary to effect this reform alone restrained the Japanese Government from taking action ; but it was well known

that these necessary sinews would soon be plucked by war from the prostrate Chinese giant—in other words, that the Chinese indemnities would allow Japan speedily to become a gold-using country.

In 1894 Japan had gone to war with China, ostensibly over Korea, but really as a necessary step in her internal and external development. By this it must not be understood that the Chinese war of 1894–1895 was a war of mere adventure or spoliation; it was a violent movement desired and pushed forward by the whole nation both as a practical demonstration of power and as an economical necessity. The net result—financially—was the Chinese indemnity, a payment of two hundred million Kuping taels to Japan (Article 4, Treaty of Shimonoseki), which had to be handed over in eight instalments, the first and second instalments, each amounting to fifty million taels, to be paid within twelve months of the ratification of the Treaty; whilst the separate Liaotung Retrocession Agreement stipulated in Article 2 that a further sum of thirty million Kuping taels should be paid before the end of 1895 for the return of the Manchurian coast territory. Thus Japan obtained, as a result of the Chinese war, two hundred and thirty million Kuping taels—say £36,000,000 sterling—more than half of which had to be poured into her coffers before the middle of 1896. Further diplomatic negotiations between China and Japan resulted in an understanding that this indemnity should be paid in gold at London, since to have handed over such an

enormous stock of silver—the indemnity was calculated in terms of Chinese Treasury taels—would have been impossible without causing serious convulsions in the world's money markets. A definite arrangement was therefore entered into, and the whole indemnity was paid in London between the 31st October, 1895, and the 7th May, 1898, in the following instalments :—

Date of reception.	Kinds of Indemnity.	Amount in <i>K'eping taels</i> .	Estimated in English money, in which form payments were made.	
			£	s. d.
31st Oct., 1895	The War Indemnity	50,000,000.000	8,255,245	1 10 ¹ / ₂
8th May, 1896	Do. do.	50,000,000.000	8,225,245	1 10
8th May, 1896	Interest on the War Indemnity	1,250,000.000	205,631	2 6
7th Nov., 1896	Do. do.	5,000,000.000	822,524	10 2
8th May, 1897	The War Indemnity	16,666,666.666	2,741,748	7 3
8th May, 1897	Interest on the War Indemnity	416,666.666	68,543	14 2
8th Nov., 1897	Do. do.	4,166,666.666	685,437	1 10
7th May, 1898	The War Indemnity	72,500,000.000	11,926,605	7 9
Total		200,000,000.000	32,900,980	7 4 ¹ / ₂
16th Nov., 1895	Compensation for the retrocession of the Liaotung Peninsula	30,000,000.000	4,935,147	1 15 ¹ / ₂
Total for the above two kinds of indemnity		230,000,000.000	37,836,127	8 6 ¹ / ₂
8th May, 1896	Indemnity for the expenses of occupying Wei-hai-wei	500,000.000	82,252	9 0
8th May, 1897	Do. do.	500,000.000	82,252	9 0
7th May, 1898	Do. do.	500,000.000	82,252	9 0
Grand Total		231,500,000.000	38,082,884	15 6 ¹ / ₂

The gradual placing of these great sums of gold to the credit of the Japanese Government made the establishment of a gold standard in Japan simply a question of time and study. Gold bullion and gold coins were gradually withdrawn to Japan from the Japanese Government's accounts in London and deposited in the vaults of the Nippon Ginko; and in the beginning of 1897 Count Matsukata, the Finance Minister, drafted the new coinage laws, which were immediately passed by the Imperial Diet. Within a very few months, so ably were the details worked out, Japan had entered the ranks of the gold-standard countries without any disturbance or commotion in her markets. The minting of many millions in gold, silver, copper and nickel of the new currency was expeditiously attended to, whilst the withdrawal of the old silver currency was effected by immense sales of the demonitised medium on the China markets and by wholesale recoining. The fears which had been expressed by foreign critics that Japan was once more attempting a dangerous experiment in her oft-changed currency medium were set at nought, and without a single untoward symptom the new system was soon smoothly working. For even before the founding of the Nippon Ginko in 1882, Japan had understood that her foreign trade and the regulation of foreign exchange would be much facilitated by the existence of an exclusively Japanese Exchange Bank, which would compete with similar foreign institutions in the Far East, and act as Japan's agent abroad in

financial matters. And, accordingly, as early as 1880, the Yokohama Specie Bank had been organised, specially charged with such matters as the purchase and importation of gold and silver bullion from abroad, the discounting of Government bills, and the management of public moneys for international accounts. On this bank had fallen the burden—and the profit—of bringing home the Chinese indemnities ; and although nominally merely a joint-stock bank of the regular model, the amount of control exercised by the Government (through the provision, amongst others, that the Vice-president of the Bank of Japan must always be Chairman of the sister establishment), was sufficient to make it a quasi-Government institution. Thus from the moment Count Matsukata assumed the reins of office the Government became supreme both in purely domestic and in international finance, foreshadowing that the centralisation was to become more perfect and more minutely regulated than in any other country, not even excluding Germany.

In pursuance of this idea of financial and economic centralisation, and encouraged by the success of the gold standard and the other currency reforms which had been undertaken, the Hypothec Bank of Japan was established in the year 1896 under the special patronage and control of the Government and with a capital of a million sterling. This institution aimed at furnishing long-period loans at low rates of interest for the improvement and development of agriculture and industry ; and it at once became

automatically the "parent bank" of the mass of small country or agricultural banks which the Government had been at pains to establish ever since the beginning of the Meiji period in order to aid the development of financial stability in every district. These agricultural banks exist in each prefecture; each has a capital of not less than £20,000 sterling, and their operations are minutely overseen by the Government. Further, the close of the Chinese war found the Bank of Taiwan (Formosa) organised to serve as the Government agent in the ceded island; and in 1900 this bank was considered to have been sufficiently successful to justify the founding of the Colonial Bank of Hokkaido—a joint-stock bank, in which the Government is the most important shareholder—with the object of attending to all the financial affairs of the scarcely-settled northernmost island of Japan. Finally, in 1902, the last semi-official banking institution, the Kogyo Ginko or Industrial Bank of Japan,¹ known also as the *Crédit Mobilier*, was organised with a capital in the first instance of Yen 10,000,000 (of which only a fraction was paid up) for the special purpose of making loans to joint-stock and other companies in any form approved of by the Directors, and for managing the marketing of Municipal Debentures, as well as the transaction of various kinds of trust business. By its charter this bank is specially endowed

¹ It is interesting to note that it was this bank which was selected by the Government for foreign share subscriptions.

with the privilege of issuing debentures to the amount of five times its paid-up capital, so long as the gross total of such debentures does not exceed the sum of the advances made by the bank against the local loan bonds and debentures taken up by it. And, in addition, during the first five years of its existence—April, 1902, to April, 1907,—the Government guaranteed a yearly dividend of six per cent. on the paid-up capital. In return for these privileges the Government, by means of a system which need not be detailed here, exercises the closest control. Thus by the beginning of the late war (1904), thanks to a studied policy of creating and fostering semi-official enterprises, the banking position in Japan may be summarised in the following manner :—

	Number.	Authorised capital.
(a) Banks having a special charter		
<i>[i.e., Bank of Japan, Yokohama Specie Bank, Hypothec Bank of Japan, Industrial Bank of Japan, Bank of Formosa and Hokkaido Colonial Bank]</i>	6	Yen. 82,000,000
(b) Local Hypothec Banks... ..	46	28,520,000
(c) Savings Banks	456	59,680,950
(d) Ordinary Banks	1,762	351,758,969
Total	2,270	521,959,919

In a period of exactly thirty-six years, therefore, or little more than a generation after the Restoration of 1868, a modern and highly-organised banking, currency and general financial system had been fairly established, which satisfied the requirements of

DEPOSITS AND LOANS IN THE BANK OF JAPAN.

Year	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1957
Month	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1957

— LOANS TO THE GOVERNMENT
 - - - OTHER LOANS
 . . . PRIVATE DEPOSITS

Y-axis: 140, 130, 120, 110, 100, 50, 80, 70, 60, 50, 40, 30, 20, 10, 0
 X-axis: 1952, 1953, 1954, 1955, 1956, 1957

DEPOSITS AND LOANS IN BANKS THROUGHOUT COUNTRY.

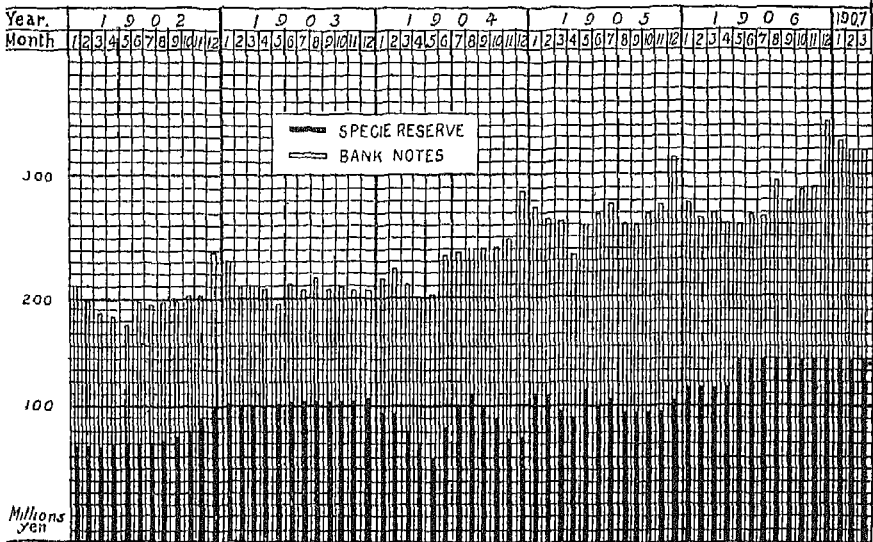
DEPOSIT	Year	LOANS
~400	Dec. 1902	~300
~500	" 1902	~400
~600	" 1903	~500
~700	" 1904	~600
~1000	1905	~800
~1400	June 1906	~1200

Millions yen

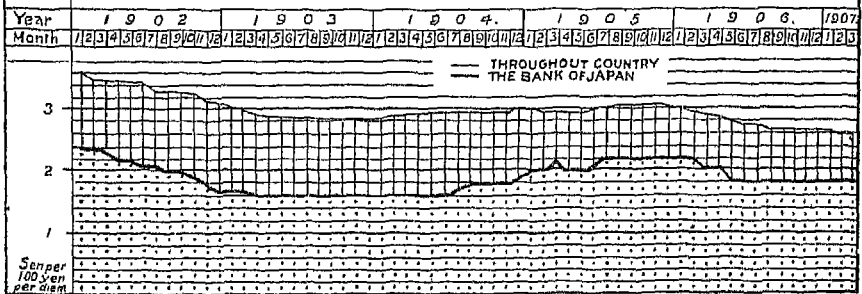
DEPOSITS IN POST OFFICE SAVINGS BANK.												
December 1900	1	2	3	4	5	6	7	8	9	10	11	12
1901	1	2	3	4	5	6	7	8	9	10	11	12
1902	1	2	3	4	5	6	7	8	9	10	11	12
1903	1	2	3	4	5	6	7	8	9	10	11	12
1904	1	2	3	4	5	6	7	8	9	10	11	12
1905	1	2	3	4	5	6	7	8	9	10	11	12
1906	1	2	3	4	5	6	7	8	9	10	11	12
March 1907	1	2	3	4	5	6	7	8	9	10	11	12
Millions yen	10	20	30	40	50	60						

Year	Millions
1897	~800
1899	~1800
1901	~2400
1903	~3200
1905	~5500
1906	~7200

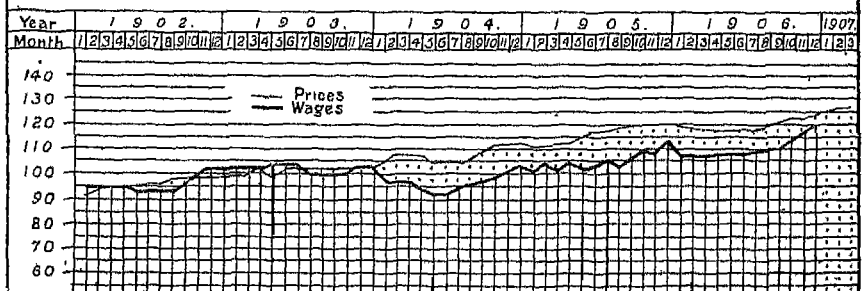
AMOUNT OF CIRCULATING NOTES.



RATE OF INTEREST ON DISCOUNT



FLUCTUATION IN PRICES & WAGES



Note: Prices & Wages in October 1900 are taken at 100.

the day and which, with the all-pervading influence of the Government, gave some promise of future success.

The one fact which should stand out clearly in the foregoing analysis is the action of the Japanese Government. Whether creative, tentative, corrective, or expansionist, that action has always been taken with a determined resolve, springing from a special knowledge of all that is both the strength and the weakness of the Japanese as a race. It is equally important to note that after an initial period of doubt the influence of the Government in the regulation of Japanese finance in all its branches since 1868 became more and more in favour of absolute centralisation, until, with the entire redemption of the old paper and the old metallic currencies through the medium of the Nippon Ginko, and the inauguration of a gold standard created by means of the Chinese indemnities, it had, by the beginning of the present century, everything in its own hands. The organisation of such banks as the Industrial Bank, the Bank of Formosa, the Bank of Hokkaido, and the Hypothec Bank, was simply an extension of the primary principles which Count Matsukata laid down on receiving his first portfolio a quarter of a century before. To consolidate the Japanese Empire on its new basis of Westernism by retaining the power of the purse in the hands of the Government was soon recognised by all the leading clansmen to be the most essential thing; and although it must be frankly conceded Count Matsukata's proposals were intended merely as a solution to the

financial muddle which Marquis Ito's first recommendations had produced, there is no doubt that the execution of those proposals, and the success which attended them, have strengthened in the Government the idea that centralisation to be perfect must control domestic and international finance in all its branches, and, marching hand in hand with the general development of the day, must be prepared to go ever further and further afield. To hold the purse was essential in order that the power of the sword might be retained in the hands of the adherents of the clan system.

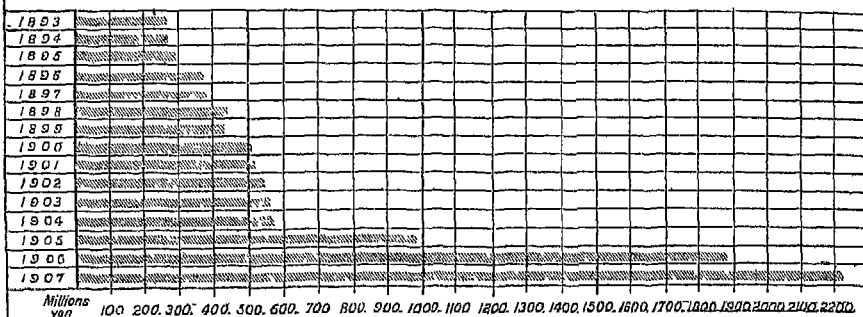
The outbreak of war with Russia and the silent period of intense Japanese anxiety lasting month after month and only gradually relieved by the fall of Port Arthur, Tsushima, and Moukden (an anxiety which no one in Europe has properly understood), helped to increase the satisfaction of the Government in regard to its financial policy in the past. For there is no gainsaying the fact that having in their hands the whole credit of the Japanese people, as was truly the case, the Government was in a far more favourable position to secure financial accommodation from abroad than it would ever have been had the credit of the country been based on a less centralised system. In other words, this organisation of her finance was of paramount importance to Japan, considered solely as a war-making engine; and, although in the first foreign war-loans that were contracted (the two six per cent. loans aggregating £22,000,000 sterling) the Japanese leaders were bitterly disappointed

that European and American financiers should demand the hypothecation of a specific source of revenue (the Customs revenue) instead of being satisfied with the general guarantee of the Government, they were wise enough to conceal that disappointment and to adapt themselves to the needs of the hour by rapidly creating the tobacco industry a Government monopoly, and pledging the revenues thereof for further borrowings. The final flotation of loans unsecured on specific revenues, as soon as Russia's offensive power had been temporarily broken, was in the eyes of the Japanese Government a complete vindication of its financial policy; and, satisfied that all obstacles had been temporarily overcome, it prepared to develop that policy in intensity with the coming of peace.

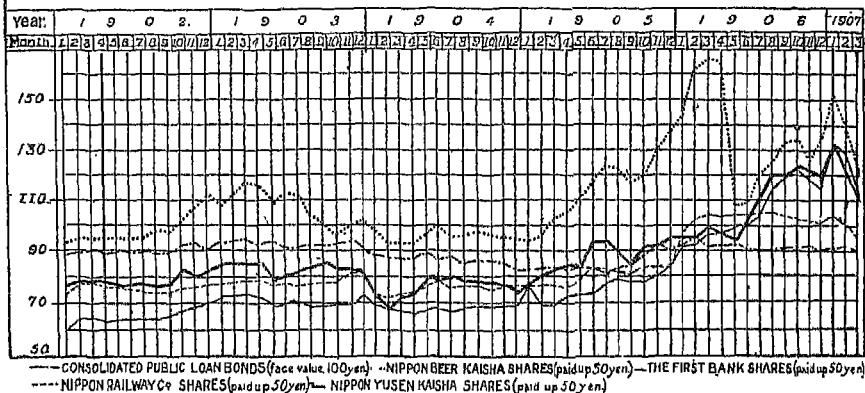
Whilst the Government of Japan had in this manner been busy year after year and decade after decade with the gradual evolution of a perfect financial system, the country and the country's rich men had also not been idle. Although the vast majority of the two thousand odd private banks in Japan have but trifling importance, and are in reality probably nothing more than repositories for the small savings of the people—savings which in Europe, and particularly in England, would be directly invested in productive enterprises without the intervention of such institutions—a certain number of them possess wealth and influence which have been slowly and painfully acquired. Such banks as the Dai Ichi Ginko—the First Bank—

which has hitherto possessed a monopoly of banking in Korea, and the Mitsui Bank, the proprietors of which belong to the oldest millionaire family in Japan and are very wealthy even when judged by European standards, may be said to represent the quasi-independent section in Japanese finance, which if not opposed to the Government, at least views with some concern its constant efforts to extend its control in every direction. Such banks, being the sponsors of the railways and of other enterprises which have just been nationalised, have found their activities forced into certain channels, whether they liked it or not; and they have accordingly from time to time been "placated" by the Government to still their criticisms. Thus, during the war, the Government allowed the heaviest underwriters' commissions to go to all non-Government banks during the flotation of internal loans; and in addition to this, whilst carefully fostering the idea that a monopolist Government was the ideal, it allowed abnormal profits constantly to be made in other directions at the expense of the people. Thus hand in hand with rivalry and jealousy, there has been in the past a sort of quiet alliance between neutral bankers and Government—an alliance which, although really an anomaly in the general scheme, has nevertheless been of benefit to both parties. The neutral banks, then, in spite of their restricted field of enterprise, have to a certain extent been brought within the scope of this general scheme; heavy taxation has thus been possible, because of heavy profits; and an audacious Budget,

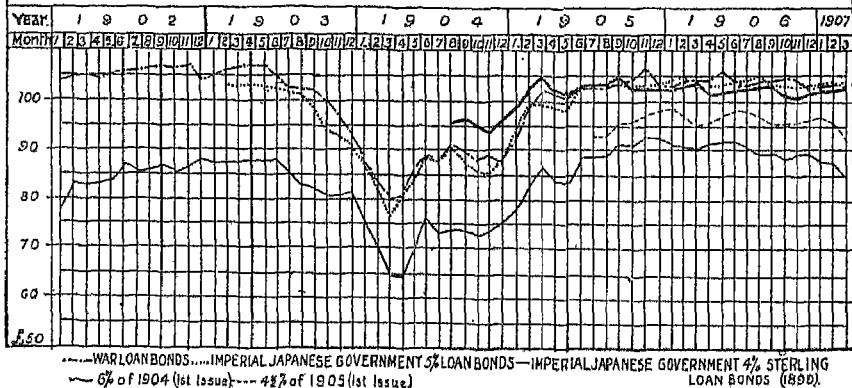
NATIONAL DEBTS OUTSTANDING IN JAPAN. (31st March) 1907.



PRICES OF PRINCIPAL SECURITIES IN TOKYO.



PRICES OF JAPANESE BONDS IN LONDON.



such as that sanctioned for the financial year of 1907, has been met without any open outcry even from the nation's bankers, who must realise that Japan is desirous of undertaking more than is possible in the time.

For when we come to examine this crushing Budget, which is crammed full of expenditure that must be repeated year after year if the general financial programme of the Government is to be carried out, the impression deepens that, in spite of the skilful financing which was such a feature of the late war, and in spite of the rigid and well-organised fiscal framework, the Japanese Government is being forced to become more and more speculative, owing to its desire to push forward development at far more than the natural speed, and to pass immediately from the ranks of the third-class Powers—which is Japan's legitimate place if European measures be used—to the ranks of the Great Powers of the world. For this and for no other object has it been necessary to double the national expenditure in three short years ; and it will be this which must gradually raise Japan's national debt from the present figure of £230,000,000 to at least £350,000,000 sterling before 1915.¹

The Budget of 1907 amounted to no less a sum than Yen 616,455,343, or more than £63,000,000 sterling ; and if the clear tabular statement which follows be carefully studied, it will be seen that the taxation, although already oppressive and enor-

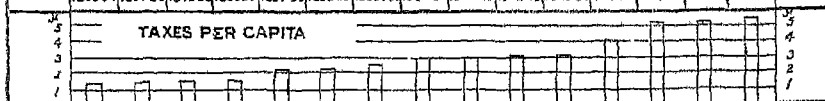
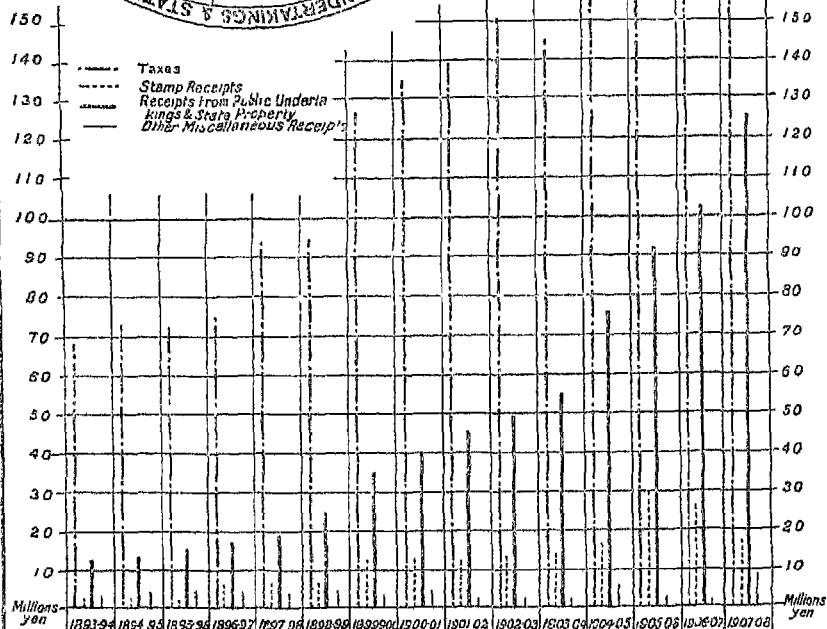
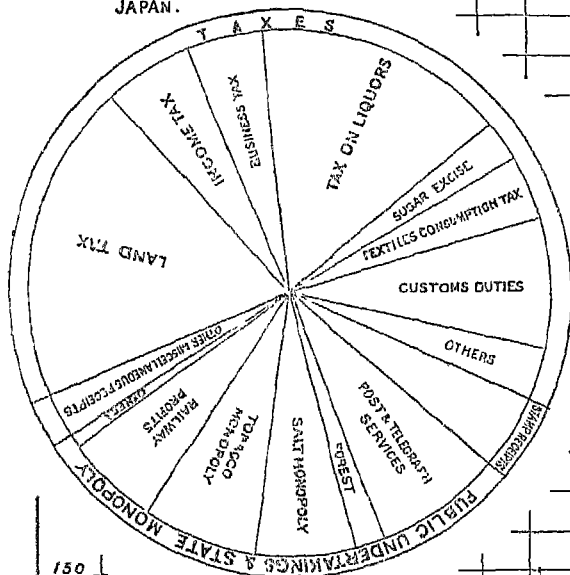
¹ It is worthy of note that the public debt in Japan has increased £36,000,000 sterling since last year—and this in time of profound peace.

mously increased during the past three years, entirely fails to settle this huge yearly bill :—

REVENUE OF JAPAN.

Sources of Revenue.	1907-8 (Estimated).	1906-7 (Estimated).	Comparison.	
			Increase.	Decrease.
	Yen	Yen	Yen	Yen
Ordinary :—				
Taxes	269,882,227	251,980,332	17,901,895	
Land Tax	85,632,392	85,632,438		46
Income Tax	23,235,402	21,837,334	1,398,068	
Business Tax	19,626,926	19,370,575	256,351	
Tax on Liquors	65,450,336	59,170,851	6,279,485	
Tax on Soy	3,936,005	5,318,576		1,382,571
Sugar Excise	11,120,616	16,755,769		5,635,153
Consumption Tax on				
Textile Fabrics	15,824,854	3,260,333	12,564,521	
Mining Tax	1,714,203	1,443,456	270,747	
Tax on Bourses	1,975,502	1,235,075	740,427	
Tax on the Issue of				
Bank Notes	1,056,938	996,190	60,748	
Tonnage Dues	477,986	427,695	50,291	
Customs Duties	36,179,719	31,787,165	4,392,554	
Travelling Tax	2,211,868	2,120,992	90,876	
Succession Tax	1,243,857	2,426,434		1,182,577
Other Taxes	195,623	197,449		1,826
Stamp Receipts	17,923,429	27,408,831		9,485,402
Receipts from Public				
Undertakings and				
State Property	126,763,862	110,245,840	16,518,022	
Post and Telegraph				
Services	34,310,230	30,459,491	3,850,739	
Forests	7,849,598	5,181,922	2,667,676	
Receipts from Salt				
Monopoly	27,366,523	26,274,831	1,091,692	
Receipts from Cam-				
phor Monopoly	968,587	912,039	56,548	
Profit of Tobacco				
Monopoly	30,699,965	30,289,089	410,876	
Railway Profits	23,746,340	15,481,547	8,264,793	
Other Receipts from				
Public Under-				
takings and State				
Property	1,822,619	1,646,921	175,698	
Interest on Deposits				
transferred	5,118,150	3,911,516	1,206,634	
Transferred from Fund				
for Redemption of				
Taiwan Public				
Works Loan	2,411,446	2,044,321	367,125	
Other Miscellaneous				
Receipts	2,186,487	3,261,619		1,075,132
Total Ordinary	424,285,601	398,852,459	25,433,142	
Carried forward	424,285,601	398,852,459	25,433,142	

SOURCES OF ORDINARY REVENUE IN JAPAN.



REVENUE OF JAPAN—*continued.*

Sources of Revenue.	1907-8 (Estimated).	1906-7 (Estimated).	Comparison.	
			Increase.	Decrease.
	Yen.	Yen.	Yen.	Yen.
Brought forward ...	424,285,601	398,852,459	25,433,142	
Extraordinary ;—				
Proceeds of Sale of State Property ...	2,518,669	14,247,405		11,728,736
Local Contributions to Expenses incurred by the State for the Benefit of Certain Prefectures ...	2,204,764	792,998	1,411,766	
Receipts from the Issue of Public Loans ...	31,256,180	79,843,242		48,587,062
Forestry Fund transferred ...	2,460,700	2,151,934	308,766	
Transferred from Warships and Torpedo-boats Replenishing Fund ...	10,939,586		10,939,586	
Temporary Loans ...	2,000,000		2,000,000	
Surplus of the Previous Year transferred ...	35,211,289	5,706,061	29,505,228	
Transferred from Surplus from Special Account for Extraordinary War Expenses ...	100,000,000		100,000,000	
Chinese Indemnity Receipt ...	2,048,395	2,048,395		
Other Extraordinary Receipts ...	3,530,159	1,319,995	2,210,164	
Total Extraordinary ...	192,169,742	106,110,030	86,059,712	
Total Revenue ...	616,455,343	504,962,489	111,492,854	

Yen = 2s. 0.582d.

Of the £63,000,000 sterling provided for by the Budget of 1907-1908, no less than £20,000,000 is found by means of loans and surpluses of previous loans. It is inconceivable that taxation which produced some £25,000,000 sterling before the war should now produce even £50,000,000 sterling per annum; and therefore it is certain that continual recourse must in the future be had to loans.

Fortunately for Japan large surpluses still remain over in London from the war-borrowings, and for a year or two, accordingly, the real position will be masked. But when the second table now appended is studied, it will be apparent that armaments are beginning to claim heavier and heavier sums; and this expenditure, once entered into, will tend to re-occur until it becomes a permanent charge:—

EXPENDITURE OF JAPAN.

Branches of Expenditure.	1907-8 (Estimated).	1906-7 (Estimated).	Comparison.	
			Increase.	Decrease.
	Yen	Yen	Yen	Yen
Ordinary:—				
Imperial Household...	3,000,000	3,000,000		
Foreign Affairs	3,260,312	2,853,087	407,225	
Department Proper	188,991	199,702		10,711
Embassies, Lega- tions and Consu- lates abroad	3,071,321	2,653,385	417,936	
Home Affairs	10,223,350	9,850,767	372,583	
Department Proper	349,921	340,059	9,862	
Fu and Ken (Pre- fectures)	8,068,138	7,628,205	439,933	
Other Expenses	1,805,291	1,882,503		77,212
Finance	262,166,823	224,562,957	37,603,866	
Department Proper	317,826	302,624	15,202	
Debt Charge	166,102,641	151,183,514	14,919,127	
Rewards and Pen- sions	43,000,606	40,282,639	2,717,967	
Expenses for the Col- lection of Inland Taxes	4,936,247	4,861,527	74,720	
Cabinet and Privy Council	432,795	377,562	55,233	
House of Peers and House of Repre- sentatives	1,530,211	1,507,872	22,339	
Court of Administra- tive Litigation and Board of Auditors	244,719	216,088	28,631	
Stud Administration Bureau	1,129,478	675,202	454,276	
Expenses for Mono- poly of Salt	13,927,481	13,619,700	307,781	
Expenses for Mono- poly of Camphor.	680,251	862,140	—	181,889
Other Expenses	29,864,568	10,674,090	19,190,478	
Carried forward...	278,650,485	240,266,811	38,383,674	

EXPENDITURE OF JAPAN—*Continued.*

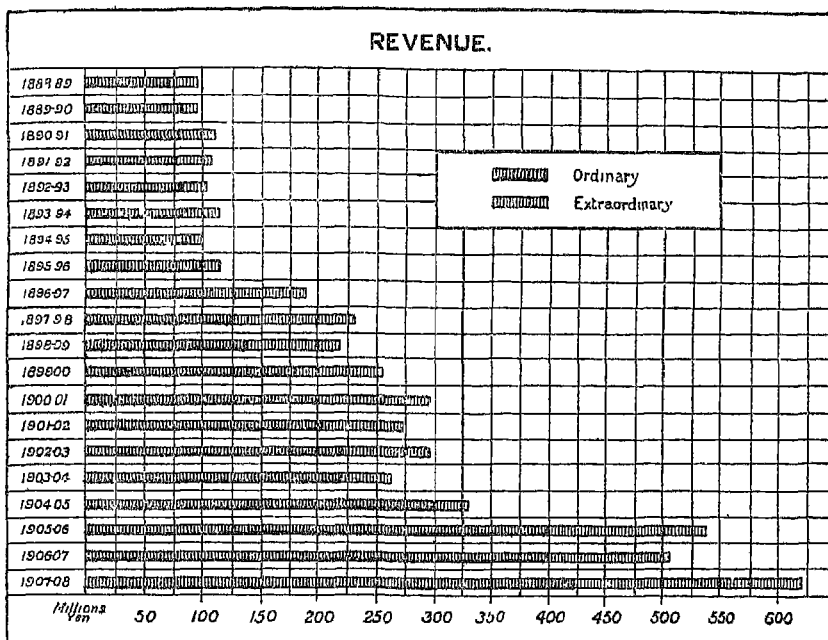
Branches of Expenditure.	1907-8 (Estimated).	1906-7 (Estimated).	Comparison.	
			Increase.	Decrease.
	Yen	Yen	Yen	Yen
Brought forward	278,650,485	240,266,811	38,383,674	
Ordinary :—				
Army	53,663,788	50,460,384	3,203,404	
Department Proper	331,643	257,026	74,617	
Expenses for Military Affairs	52,584,173	49,474,189	3,109,984	
Other Expenses	747,972	729,169	18,803	
Navy	33,414,695	28,914,073	4,500,622	
Department Proper	158,703	158,078	625	
Expenses for Naval Affairs	33,255,992	28,755,995	4,999,997	
Justice	10,839,978	10,262,911	577,067	
Department Proper	147,239	120,333	26,906	
Judicial Courts	5,202,826	4,963,623	239,203	
Prisons	5,489,913	5,178,955	310,958	
Public Instruction	6,028,624	5,000,351	1,028,273	
Department Proper	415,156	405,076	10,080	
Institutions and Librarians	3,993,639	3,022,066	971,573	
Other Expenses	1,619,829	1,573,209	46,620	
Agriculture and Commerce	5,604,342	4,136,757	1,467,585	
Department Proper	381,482	369,226	12,256	
Other Expenses	5,222,860	3,767,531	1,455,329	
Communications	24,077,404	22,402,164	1,675,240	
Department Proper	679,225	661,510	17,715	
Communication Expenses	22,692,835	21,071,940	1,620,895	
Other Expenses	705,344	668,714	36,630	
Total Ordinary	412,279,316	361,443,451	50,835,865	
Extraordinary :—				
Foreign Affairs	3,695,240	389,320	3,305,920	
Home Affairs	12,794,342	6,181,075	6,613,267	
Finance	12,987,882	88,940,504		75,952,622
Army	57,953,380	1,676,742	56,276,638	
Navy	49,067,524	11,693,495	37,374,029	
Justice	859,660	628,037	231,623	
Public Instruction	1,454,588	1,693,837		239,249
Agriculture and Commerce	14,157,653	8,791,906	5,365,747	
Communications	51,191,462	23,524,122	27,667,340	
Total Extraordinary	204,161,731	143,519,038	60,642,693	
Total Expenditure	616,441,047	504,962,489	111,478,558	

It will thus be seen that for the financial year of 1907-1908 there were increases under practically every heading, the greatest being for the Debt Charge (now amounting to an annual sum of nearly £17,000,000 sterling) and for the Army and Navy. Japan now spends on her Army and Navy nearly £9,000,000 sterling in ordinary expenditure and more than £10,000,000 in so-called extraordinary expenditure. Thus the Army and Navy, together with the Debt Charge and Pensions, swallowed up in the present year a sum exceeding the whole revenue collected by taxation. Much of the so-called extraordinary expenditure, moreover, is a recurring expenditure which will continue for a number of years and which would undoubtedly be differently classed in a British Budget. From a third table (pp. 418-419) the astounding increase in both taxation and expenditure is clearly apparent.

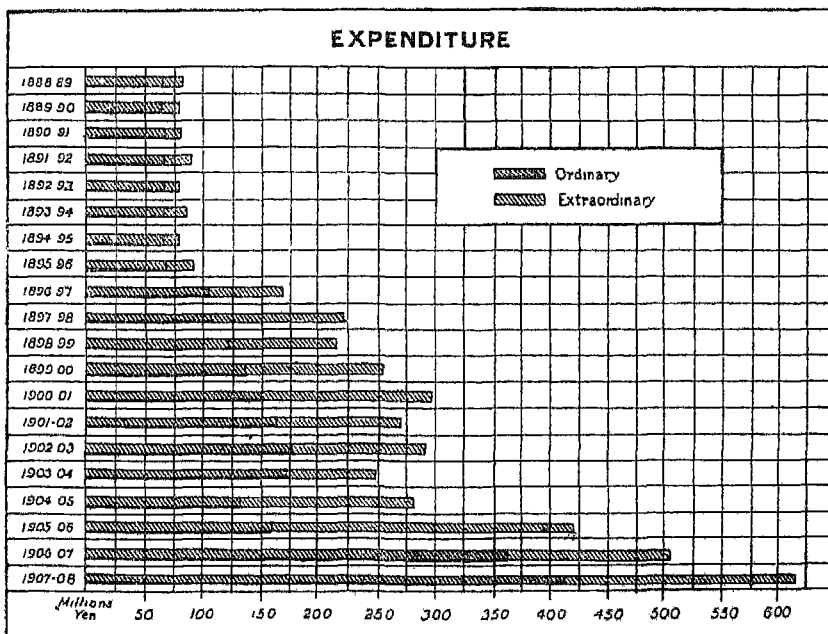
Thus from the Chino-Japanese War of 1894 to 1906 the total expenditure of the country has grown by some five hundred per cent. Just before the war with Russia,—that is, three years ago—ordinary taxation yielded some £25,000,000 sterling; as a result of the war, the war-taxation has been permanently imposed, and, this not sufficing, the unsafe German precedent of meeting current expenditure by loan flotations has had to be followed. There is no doubt that the Budget for the next year, 1907-1908, can be met, for the large surpluses remaining to the credit of the Japanese Government in London and Paris can be

REVENUE AND EXPENDITURE IN JAPAN.

REVENUE.



EXPENDITURE



drawn on. But the year 1909 is somewhat uncertain, and the Ministry of Finance has confessed that before the year 1910 definite ways and means will have to be found or else much of the Government programme must be abandoned. It is an extraordinary and menacing state of affairs. Whilst the Government treasuries and semi-Government banks are temporarily filled to overflowing with money—thus apparently vindicating the Government financial policy so rigidly carried out during the last few decades—it is quite plain that there are cracks in the edifice which has been raised, and that it is humanly impossible to pass in the space of months from the position of a third-class Power to that of the Great Powers of the world. Yet even though a knowledge of this is certainly possessed in the higher Government circles of Japan, no relaxation is permitted in the policy which has excluded foreign capital from participating in the development of the country. Foreign capital is really desired by many liberal-minded men; the Government, however, has decreed that it can be introduced only through certain channels and in certain forms. National and municipal loans may be raised abroad, for the simple reason that Japan cannot find sufficient funds within her own borders; but they must be undertaken only by the Government or by semi-Government institutions. Accordingly it is a fixed principle that the Industrial Bank of Japan, the Kogyo Ginko, is the only medium through which money may be raised abroad, in the form of

ANNUAL REVENUE AND EXPENDITURE OF JAPAN FOR FORTY YEARS.

Financial Year.	Revenue.			Expenditure.			Surplus.	Deficit.
	Ordinary.	Extraordinary.	Total.	Ordinary.	Extraordinary.	Total.		
1867-68...	Yen 3,664,780	Yen 29,424,533	Yen 33,089,313	Yen 5,506,253	Yen 24,998,833	Yen 30,505,086	Yen 2,584,227	
1869	...	4,666,056	34,438,405	9,360,231	11,425,609	20,785,840	13,652,565	
1869-70..	...	10,043,628	10,915,872	9,759,003	10,357,669	20,107,673	851,826	
1870-71...	...	15,340,922	6,803,676	12,226,382	7,008,776	19,235,158	2,909,440	
1871-72..	...	24,422,742	26,022,431	42,474,919	15,255,106	57,730,025		7,284,852
1873	...	70,561,688	14,945,557	50,639,552	12,039,048	62,678,601	22,828,644	
1874	...	71,090,481	2,355,063	60,001,916	22,267,612	82,269,528		8,823,984
1875	...	83,080,575	3,240,502	52,842,348	13,292,424	66,134,772	20,186,303	
1875-76...	...	63,786,587	5,696,090	56,613,037	12,590,205	69,203,242	279,434	
1876-77...	...	55,684,997	3,796,039	56,815,326	2,493,631	59,308,956	172,080	
1877-78...	...	49,967,723	2,370,410	45,344,216	3,084,109	48,428,324	3,909,808	
1878-79...	...	53,558,117	8,885,632	55,986,710	4,954,626	60,941,336	1,502,414	
1879-80...	...	57,716,323	4,435,428	55,205,539	5,112,040	60,317,578	1,834,173	
1880-81...	...	58,036,574	5,330,681	60,297,322	2,843,574	63,140,897	226,358	
1881-82...	...	64,304,512	7,185,368	60,413,710	11,046,611	71,460,321	29,559	
1882-83...	...	69,888,873	3,619,554	59,759,727	13,729,940	73,489,667	27,761	
1883-84...	...	76,425,687	6,681,171	67,914,176	15,192,682	83,106,859		
1884-85...	...	72,102,190	4,567,464	60,724,554	15,938,554	76,663,108	6,546	

1885-86..	56,429,622	5,727,213	62,156,835	47,643,037	13,472,277	61,115,313	1,041,522
1886-87...	71,094,269	14,231,875	85,326,144	67,613,793	15,610,167	83,223,960	2,102,184
1887-88 .	76,068,094	12,092,980	88,161,074	66,042,669	13,410,367	79,453,036	8,708,038
1888-89. .	74,253,413	18,703,521	92,956,933	66,439,716	15,064,308	81,504,024	11,452,009
1889-90...	82,355,442	14,332,537	96,687,979	63,785,569	15,928,103	79,713,672	16,974,307
1890-91. .	78,593,498	27,875,856	106,469,354	66,752,431	15,372,972	82,125,403	24,343,931
1891-92...	76,264,852	26,966,636	103,231,489	62,936,312	20,619,579	83,555,891	19,675,597
1892-93 ..	80,728,018	20,733,893	101,461,911	63,818,030	12,916,710	76,734,740	24,727,171
1893-94 .	85,883,080	27,886,300	113,769,381	64,545,599	20,036,273	84,581,872	29,187,569
1894-95...	89,748,454	8,421,574	98,170,028	60,421,346	17,707,297	78,128,643	20,041,385
1895-96. .	95,444,652	22,988,069	118,432,721	67,148,007	18,169,173	85,317,179	33,115,541
1896-97...	104,904,501	82,114,922	187,019,423	100,712,816	68,143,602	168,856,509	18,162,915
1897-98...	124,222,964	102,167,159	226,390,123	107,695,127	115,983,717	223,678,844	2,711,279
1898-99 ..	132,869,336	87,184,792	220,054,127	119,072,144	100,685,424	219,757,569	296,538
1899-00 .	177,328,528	76,925,996	254,254,524	137,590,418	116,575,120	254,165,538	88,987
1900-01 ..	192,170,081	103,684,787	295,854,868	149,134,167	143,615,892	292,750,059	3,104,809
1901-02 ..	202,035,100	72,323,950	274,359,049	160,363,583	106,493,241	266,856,824	7,502,225
1902-03 .	221,240,408	76,101,016	297,341,424	171,059,808	118,166,923	289,226,731	8,114,693
1903-04 ..	224,180,699	36,040,959	260,220,758	169,761,914	79,834,217	249,596,131	10,624,627
1904-05 ..	290,142,129	28,324,807	327,466,936	126,963,789	150,091,893	277,055,682	50,411,254
1905-06. .	398,301,651	136,954,650	535,256,301	156,681,402	264,059,803	420,741,205	114,515,066
1906-07...	398,852,459	106,110,030	504,962,489	361,443,451	143,519,038	504,062,489	
1907-08 .	424,285,601	192,169,742	616,455,343	412,279,316	204,161,731	616,441,047	14,296

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debentures for Japanese municipal and industrial enterprises. This institution, which now has £750,000 of British money invested in it, is the official middleman; and all direct negotiations between Japanese capitalists and foreign money-markets are discouraged and discredited.

In these circumstances, it is no wonder that the various British concerns, organised immediately after the war with the special object of taking advantage of Japan's oft-repeated declarations of the "open door" and "equal opportunity for all," should have already found that they can do nothing in the country, and that barriers exist which are insurmountable. Whilst Baron Komura, the Mikado's Ambassador at the Court of St. James, does not hesitate to state that British capital and British mechanics will have a great field in Japan, the writer ventures directly to controvert his statement. There is no such field; every inch of it is covered by the set Japanese scheme. If British financiers choose to lend money at low rates of interest, and if British mechanics choose to teach Japanese mechanics all they know, some part of Baron Komura's statement may come to pass; but the result will be very different from what Englishmen in England will naturally expect. The money will be used to promote competition ruinous to British overseas trade; the mechanics will instruct pupils who will wrest Eastern markets and divert the great neutral commerce of to-day. Nothing else need be hoped for. It is too late; we

have been too slow at understanding. The Chinese War of 1894-1895 gave Japan the gold standard; the Russian war of 1904-1905 gave Japan a high quotation on the world's stock-markets. But the real indemnities for both wars are being drawn from neutral just as much as from former belligerents; and it behoves the neutral world fully to realise that the financial policy of Japan is forced of necessity to place the whole of the outside world in one and the same category.

CHAPTER IV

JAPANESE INDUSTRY AND COMMERCE

It cannot be denied, then, even by the most unsparing critic that the Japanese finance during the late war, considering how limited were the resources available, was eminently sound. It was designed with two objects clearly in view: first, to raise as much money in the home markets by short-period loans as was possible without crippling the country; and, second, to raise only as much money in European markets as was absolutely necessary. The Japanese statesmen, indeed, quite rightly understood that heavy commitments abroad, although to a certain extent inevitable in view of the comparative poverty of the Japanese people, would be so many mill-stones round the country's neck; and they possessed sufficient experience to know that European mill-stones of this kind are with difficulty discarded. They knew also that in foreign eyes finance was Japan's weakest point, and that, therefore, although peculiar views obtained among the largely ignorant proletariat at home regarding the manner in which friends and allies should give monetary accommodation in a great national crisis, foreign capitalists would

certainly demand not only specific security for each loan but their pound of flesh as well. In such circumstances the financing of the war must be counted peculiarly skilful, and the inflow of roughly one hundred millions sterling of European and American money was bound to bring about much activity in the home markets during and immediately after the struggle.

The conclusion of peace, after the first great shock of disappointment had been slowly dissipated, found this movement in full swing. Whilst the Government and the financial leaders talked wisely of reconstruction and *post bellum* finance, and of the necessity of exercising the greatest caution in order to avoid a repetition of what happened after the Chinese war of 1894-1895—when a period of feverish industrial and stock exchange speculation began and only ended with a heavy smash—the creation of new joint-stock companies to engage in every manner of enterprise had already commenced in every part of the country. The idea seems to have spread that Japan's new access of power and the doubling of the national Budget at one stroke, as results of the war, urgently demanded that there should be a corresponding expansion in industrial enterprises of every kind and description; and that indeed if a quasi-mechanical plan of labelling new enterprises, backing them with the names of a few eminent promoters, and throwing them out on the market, were rigidly adhered to, Japanese commerce and industry would increase like a snowball. It is curious how unreasoning the Japanese can be at times, and

how little of the very rudiments of political economy the vast mass of the population seem to understand. As yet they do not realise that, while they have ostensibly adopted many of the forms of the West, not only is the cold and calculating spirit of the West entirely wanting, but their own genius is so different that sudden activity of this sort is very similar to placing a top-hat on the head of a man who is still dubious as to whether trousers are an essential part of his garb, and who is openly determined not to abandon his convenient wooden clogs for firm-treading leather boots.

In pursuance of this idea, then, that a rapid expansion was inevitable and that that expansion could best be secured by company-promoting of any and every description, it was abundantly clear by the middle of 1906 that exactly what had happened after the Chinese war was going to happen again; and that in the fullness of time there would be a general liquidation disclosing that only just so much progress had been made as was completely justified by the practical application of workaday principles. In other words, while a Government may autocratically double its expenditure and its receipts in a twelve-month, it is probably physically impossible for a people to do so much under a decade. It is interesting to note that in the feverish desire to promote new companies of all sort and kinds, and to expand old ones beyond their normal capacity, every device suitable to a mad "Jungle" market was readily employed and even acclaimed as proof that the modernisation of Japan was proceeding apace.

In the first few months of this speculating mania, the few sound men in Japanese finance hesitated, and even curtly refused, to put their names to enterprises which were not only speculative but based on no expert knowledge whatsoever, and which would therefore probably lead to serious trouble. For a short time this attitude exercised a restraining influence, but soon prizes were held out for the use of "good names" which were irresistible. Man after man succumbed, until in the end nearly every name associated with higher Japanese finance was to be found on company prospectuses and a bubble movement was in full swing. The people, following the Eastern principle that the man and not the thing is the essential, were thus lured on from pillar to post, and share gambling soon became an extraordinary mania in Tokyo, Osaka, and all the greater towns. The devices used to secure the flotation of new companies were in some cases sufficiently remarkable to deserve record, for they show that never was there such a gullible public as the Japanese. In one instance it was worked out from preliminary assays that a certain gold mine, or rather gold-bearing area, must be held to contain ore-reserves which could not be valued at less than Yen 3,000,000,000 (£300,000,000), and it was consequently claimed that wealth beyond the dreams of avarice would crown the mere act of exploitation. In another instance some Tokyo promoters, desirous of floating a coal company, fixed on an area which had been hastily examined and *unfavourably* reported on by a French engineer, and actually used this report,

as an expert European report, in order to invite share-subscriptions from their ignorant countrymen. This is not unlike a certain phase of education in India, where those native scholars who have failed in university examinations use such failure as a qualification when applying for clerkships, assuming that failure to matriculate may be held to be almost a degree in itself.

Every branch of Japanese commerce and industry soon became infected with this new spirit. No sooner did one successful, or apparently successful, company arise in any one particular department, than a dozen imitators quickly followed with no prospect of paying dividends. Specially remarkable is the case of the whaling industry. Attention was actively directed towards this industry a year or two ago, when the Toyo Gyogyo Kaisha (Far Eastern Fishing Company) declared a dividend of fifteen per cent. after a few months' working. After this, remembering that the whole Pacific now lay open to them, the promoters soon got rapidly to work, and by the beginning of 1907 the following principal companies had already been organised :—

	Capital in Yen.
Taiheiyo (Pacific Ocean) Gyogyo Kaisha	500,000
Dai Nippon Hogeï (Whaling) Kaisha	1,000,000
To-A (East Asian) Gyogyo Kaisha	200,000
Asahi (Morning Sun) Gyogyo Kaisha	200,000
Teikoku Suisan (Marine Products) Kaisha	2,000,000
Nagasaki Hogeï Kaisha	500,000
Nichi-kan (Japanese and Korean) Hogeï Kaisha	200,000
Toyo Yenyo (Far Eastern Ocean) Gyogyo Kaisha	500,000
Toyo Gyogyo Kaisha	2,000,000
Kinkawazan Hogeï Kaisha	250,000
Kaikoku (Marine Country) Gyogyo Kaisha	500,000
Choshi Gyogyo Kaisha	500,000
Shin (New) Hogeï Kaisha... ..	200,000
Tokai (East Sea) Gyogyo Kaisha	150,000
Total	8,700,000

Thus in a few weeks no less than fourteen whaling companies, having in the aggregate a nominal sum of nearly nine million yen invested in them, were created in the facile manner indicated, though it is certain that it is impossible for them to find room in an overcrowded field, much less to earn money. But of the Japanese company-promoter it may be said, as a native scholar in India once wrote in an eloquent obituary of a native lawyer, "His child-like simplicity fascinated all and was proof against the demoralising influences of his honourable profession."

This extraordinary movement in Japan continued apace until March, 1907, when the zenith was reached and the inevitable back-sliding began. In this month investigations were set on foot with a view to ascertaining the number of new companies created, and the Osaka Commercial Intelligence Bureau published the following table :—

CAPITAL INVESTED FROM JULY, 1905, TO FEBRUARY, 1907.

	Number of Companies.	Amount of pledged Capital in yen.	Amount paid up in yen.
New companies registered ..	2,411	365,502,593	321,404,119
" " planned	584	1,718,373,000	—
Increases of capital registered ..	385	152,105,987	67,507,622
" " planned ..	122	297,197,550	—
Company loans registered ..	26	40,227,792	40,227,792
Total	3,528	2,573,406,922	229,139,533

And not to be outdone the Tokyo Commercial Bureau shortly afterwards issued the following

statistics, which, though not so startling, are sufficiently remarkable :—

Nature of Enterprise.	Capital of Projected Companies.	Capital of Registered Companies.	Paid-up Capital.
	Yen.	Yen.	Yen.
Cotton spinning	47,568,000	27,852,000	7,025,000
Insurance	26,200,000	5,500,000	1,375,000
Maritime (Carrying)... ..	30,000,000	782,400	337,040
Mining	33,770,000	12,650,000	4,275,000
Railways	153,500,000	231,795,000	129,846,250
Electric	35,780,000	29,845,000	7,943,750
Warehousing	15,300,000	6,127,000	1,601,170
Banks	11,175,000	25,305,000	5,705,250
Manufacturing	243,769,800	59,571,500	23,328,650
Marine Products	22,425,000	6,842,000	1,789,410
Commercial and others ..	95,110,000	20,546,760	7,927,089
Total	775,197,800	426,816,660	191,151,609

Apart from the fact that these two tables are compiled in different ways and that their totals of capital actually paid-up are different, there are remarkable points in both which call for a few words of comment. In the first table Yen 2,573,406,922, or say nearly £260,000,000 sterling, is set down as the total of capital pledged—in plain English, subscribed; whereas the amount actually paid up is Yen 229,139,533, or less than ten per cent. of the nominal amount. The second table goes to show that the Osaka figures are greatly exaggerated. But even the more conservative Tokyo estimate places the grand total of subscribed capital at about twelve hundred million yen (£120,000,000 sterling) and gives the total of paid-up capital at only Yen 191,151,609, or under fifteen per cent. of the whole

amount. This alone is sufficiently remarkable ; but when we come to examine what is the actual meaning of " projected companies," it is still more remarkable to find that they are generally not companies at all but rather promoters' syndicates of the most speculative kind, in which any of the enterprising public who may so desire can purchase for a trifle the right to subscribe for any number of shares after the registration and official flotation of the company. This extraordinary procedure, which has a market name of its own in the vernacular—*Kenri Kabu*—is a product such as one might expect from Japanese genius, hedged round, as it is, by official regulations and laws which must be legally circumvented in order to avoid trouble. The issue of provisional scrip of the *Kenri Kabu* order, on which no first call has been paid, provides a splendid if elementary amusement for those who are discovering in the schoolroom of hard experience the uses and abuses of share-markets ; and the wild speculation which has taken place in Japan since the war has been very largely in this worthless provisional scrip of projected companies. To foreign observers who still retained their ordinary common-sense, it was obvious from the very first that all such mushroom companies would have to be wiped out before the real advance could be measured. This feverish and absurd activity, however, has now almost ended, and the truth is that, after all has been said and done, at the most £40,000,000 sterling has been subscribed for new enterprises in the two years since

the war, and that of this sum something less than £20,000,000 has been actually paid up. Only a modest advance has therefore occurred.

The extinction of all these mushroom companies—which at the time of writing is taking place through natural processes that cannot be ignored even by a populace devoted to the idea that form and not substance is the essential—has been responsible, however, for a severe shrinkage in all sound values and will probably lead to a less rapid increase in the productive capacity of the people than might have been conservatively estimated before the country had been exploited by speculators. A feeling of distrust having been engendered by the association of the names of leading Japanese bankers with fictitious creations, it may be predicted with certainty that trade will suffer for some considerable time, and that it will once more devolve on the Government to save the situation by its energy and by the influence it can bring to bear in a hundred directions owing to its centralisation of everything affecting the economic life of the country.

This small incursion into one of the unbeaten paths of Japanese finance is interesting, inasmuch as it abundantly proves that the people are speculative rather than conservative, and that, as a shrewd writer has recently put it, the essential difference between the Chinaman and the Japanese is that the Chinaman thinks first and acts afterwards, whereas with the Japanese this safe process is reversed. The old European estimate of the Japanese thus

remains essentially true, in spite of the surprises of the war ; and the conviction perhaps strengthens in the mind of the student that the Japanese Government must have summed up the character of its own people correctly, if somewhat cynically, or else it would not have thought it necessary to plunge into national trading and national monopolisation on the scale already adopted. This action of the Japanese Government, indeed, cannot be called flattering to the Japanese people ; and the fact that the proletariat is and must remain not only the servant but the serf of the bureaucracy further accentuates the gulf which really divides responsible government, as understood in the liberal countries of the world, from the *de facto* autocratic government of Nippon.

In commerce, in industry, and in shipping, progress is, however, steadily being made. During 1906, for the first time since the opening of the country to international trade, Japan's exports exceeded her imports. This result had been arrived at by the united action of the whole nation, reminded in every possible way by the Government that an adverse trade balance, if combined with the country's overseas indebtedness and the consequent outflow of interest and sinking-fund moneys due to the late war, would react unwholesomely on the whole economic life of the people and perhaps lead to grave difficulties. The export of silk was immensely increased, since every village and hamlet contributed an enlarged quota ; whilst the determined advertising and pushfulness, displayed in Eastern Asia by

the great crowds of Japanese who have crossed the seas since the war, have been responsible for a largely increased consumption of Japanese manufactures in Asiatic markets. Indeed, as the Yokohama Foreign Board of Trade—an intelligent body of men watching every movement—has been careful to point out in a marked fashion, the percentage rise in Japanese exports to the mainland of Asia has been a remarkable feature in the *post bellum* period, and seems, in the estimate of some, to be a step towards that great yet seemingly unattainable goal, which if reached will mean that the banner of Japanese commercial supremacy will float over every Far Eastern market.

Such a view is, however, premature. The table on the opposite page shows that the trade of Japan, though certainly greatly expanding, is in reality doing little more than making steady progress.

It will be seen from this table that Japanese commerce amounts at most to Yen 17 (say 34s.) per head of population per annum, and will therefore have to make immeasurably greater progress than it has ever done before to become a really dangerous competitor in the field east of Singapore. Using the experience of the past as a guide, and having special reference to the period of expansion taking place immediately after the Chinese war of 1894–1895, we may assume that by 1915 Japan's trade will have risen from some eight hundred million yen (£80,000,000 sterling) to approximately fourteen or fifteen hundred million yen

TRADE OF JAPAN DURING THE PAST TWENTY-SIX YEARS.

Year.	Exports.		Imports.		Total of Exports and Imports.	
	Total Value.	Per Head.	Total Value.	Per Head.	Total Value.	Per Head.
	Yen.	Yen.	Yen.	Yen.	Yen.	Yen.
1872	17,026,647	0·51	26,174,815	0·79	43,201,462	1·30
1873	21,635,441	0·65	28,107,390	0·84	49,742,831	1·49
1874	19,317,306	0·57	23,461,814	0·70	42,779,120	1·27
1875	18,611,111	0·55	29,975,628	0·88	48,586,738	1·43
1876	27,711,528	0·81	23,964,679	0·70	51,676,206	1·51
1877	23,348,522	0·68	27,420,903	0·80	50,769,425	1·48
1878	25,988,140	0·76	32,874,834	0·96	58,862,974	1·72
1879	28,175,770	0·79	32,953,002	0·92	61,128,773	1·71
1880	28,395,387	0·79	36,626,601	1·01	65,021,988	1·80
1881	31,058,888	0·85	31,191,246	0·86	62,250,134	1·71
1882	37,721,751	1·02	29,446,594	0·80	67,168,345	1·82
1883	36,268,020	0·98	28,444,842	0·77	64,712,861	1·75
1884	33,871,466	0·90	29,672,647	0·79	63,544,113	1·69
1885	37,146,691	0·98	29,356,968	0·78	66,503,659	1·76
1886	48,876,313	1·27	32,168,432	0·84	81,044,745	2·11
1887	52,407,681	1·34	44,304,252	1·13	96,711,933	2·47
1888	65,735,510	1·66	65,455,234	1·65	131,160,744	3·31
1889	70,060,706	1·75	66,103,767	1·65	136,164,472	3·40
1890	56,603,506	1·40	81,728,581	2·02	138,332,087	3·42
1891	79,527,272	1·95	62,927,268	1·55	142,454,541	3·50
1892	91,102,754	2·22	71,326,080	1·74	162,428,833	3·96
1893	89,712,865	2·16	88,257,172	2·13	177,970,036	4·39
1894	113,246,986	2·71	117,481,955	2·81	230,728,942	5·52
1895	136,112,178	3·22	129,260,578	3·06	265,372,756	6·28
1896	117,842,761	2·76	171,674,474	4·02	289,517,235	6·78
1897	163,135,077	3·77	219,300,772	5·08	382,435,849	8·85
1898	165,753,753	3·79	277,502,157	6·34	443,245,909	10·13
1899	214,929,894	4·86	220,401,926	4·98	435,331,820	9·20
1900	204,429,994	4·56	287,261,846	6·41	491,691,840	10·97
1901	252,349,543	5·55	255,816,645	5·61	508,166,188	11·16
1902	258,303,065	5·61	271,731,259	5·90	530,034,323	11·51
1903	289,502,443	6·20	317,135,518	6·79	606,637,960	12·99
1904	319,260,896	6·74	371,360,739	7·84	690,621,634	14·58
1905	321,533,610	6·70	488,538,017	10·18	810,071,627	16·88
1906	423,754,892	—	418,784,108	—	842,539,000	—

(say £140,000,000 or £150,000,000 sterling). But when the rapidly-increasing population is taken into due consideration, even such a volume of trade will only mean an average of £2 10s. per head of population, and will be far below the *per capita* trade of the least-developed of European countries. And

in connection with this growth another important circumstance must be noted. It is that although the balance of trade, thanks to an exceptional growth in exports, is at present in Japan's favour, it is highly doubtful whether this happy state of affairs will continue, owing to the gradual liquidation of the foreign commitments entered into during the war. At present the fact that large borrowings in sterling still remain to the credit of the Japanese Government in London and elsewhere, and can discharge for the time being all calls on the public purse, is sufficient to obscure a circumstance which is best illustrated by the following tables dealing with the year 1905. In these two tables the Japanese Government has with great pains succeeded in collecting figures which must be deemed approximately accurate, and which enable a balance-sheet for the Japanese nation to be framed:—

TABLE NO. I.—INVISIBLE IMPORTS (RECEIPTS).

	Yen.	Yen.
Freight from Japanese ships and premiums collected by Japanese Marine Insurance Companies ...		10,662,855
Classified as follows:—		
Freight on goods imported by Japanese ships...	3,766,353	
Freight on goods exported by Japanese ships ..	4,006,499	
Freight on intermediate trade by Japanese ships	674,793	
Passengers' receipts	1,021,110	
Insurance premiums on goods imported and exported by Japanese Marine Insurance Companies	1,134,100	
Amount defrayed by foreign men-of-war, and merchantmen and shipping companies in Japan		11,280,017
Classified as follows:—		
Articles purchased by foreign merchantmen ...	8,204,434	
Articles purchased by foreign men-of-war ...	1,065,374	
Building, repairing, and docking expenses of foreign men-of-war and merchantmen	1,220,193	
Expenditure of branches of foreign shipping companies in Japan... ..	253,367	
Tonnage duties and miscellaneous Customs receipts	536,649	
Carried forward		21,882,872

TABLE NO. 1.—INVISIBLE IMPORTS—*continued*.

	Yen.	Yen.
Brought forward		21,882,872
Expenditure of foreigners in Japan		25,236,680
Classified as follows :—		
Expenditure of tourists and travellers visiting		
Japan... ..	18,809,858	
Expenditure of foreign merchant seamen... ..	942,739	
Expenditure of foreign naval seamen	1,774,583	
Remittances received by foreign students in		
Japan	1,080,000	
Remittances received for religious purposes ...	2,629,500	
Profits from enterprises abroad		14,632,099
Classified as follows :—		
Net profit from business abroad	3,020,167	
Remittances made and money brought into		
Japan by emigrants... ..	11,611,932	
Investment of capital in Japan by foreigners		2,454,418
Receipts of Japanese Government and expenditure		
of foreign Governments in Japan		5,999,116
Classified as follows :—		
Receipts of Japanese Government from abroad	1,269,408	
Receipts of principal and interest of the Chinese		
Bonds	3,174,364	
Expenditures of foreign Legations and other		
expenditures of foreign Governments in Japan	1,555,344	
Grand Total		70,205,185

This first table is far more normal than the second; that is to say, it is little influenced by the effects of the war. On the average the invisible imports may be held to correspond to this total of seventy million yen year after year. The second table, invisible exports, or expenditure abroad, is quite different :—

TABLE NO. 2.—INVISIBLE EXPORTS (EXPENDITURE).

	Yen.	Yen.
Freight paid to foreign shipping companies		1,036,586
Expenditure of Japanese ships and shipping companies		9,052,140
Classified as follows :—		
Expenditure of branches of Japanese shipping		
companies abroad	760,100	
Repairing expenses of Japanese ships abroad ...	64,986	
Tonnage and other duties, as well as passage		
duties of the Suez Canal... ..	226,322	
Carried forward	1,051,408	10,088,726
	F F 2	

TABLE NO. 2.—INVISIBLE EXPORTS—*continued*.

	Yen.	Yen.
Brought forward	1,051,408	10,088,726
Articles purchased by Japanese ships abroad, and other expenses	1,233,412	
Premiums on ships paid to foreign insurance companies... ..	698,519	
Payment made to foreign ships chartered	6,068,801	
<hr/>		
Expenditure of Japanese abroad		1,070,494
Classified as follows :—		
Expenditure of Japanese travellers	29,400	
Expenditure of Japanese naval and merchant seamen	153,238	
Expenditure of Japanese students abroad at their own expense	779,846	
Remittances made for religious purposes	108,010	
<hr/>		
Profit of foreigners engaged in business in Japan		7,280,422
Classified as follows :—		
Nett profit of foreigners engaged in business in Japan	4,063,671	
Nett returns to foreigners from investment in Japan... ..	658,271	
Interest from fixed deposits in Banks by foreigners	151,647	
Remittances by foreigners	2,406,833	
<hr/>		
Expenditure respecting the trade of goods, news- papers, and magazines imported by ordinary mail		145,136
Expenditure of the Japanese Government abroad		214,394,213
Classified as follows :		
Expenditure of Legations and other expenditure of the Government	179,897,000	
Payment of principal and interest on loan bonds held abroad	33,018,573	
Payment of principal and interest on municipal loan bonds held abroad	1,478,640	
<hr/>		
Grand Total		232,978,991

Instead of a modest total of seventy million yen, there is here an immense aggregate of over two hundred and thirty million yen, nearly the whole of which is made up of what is conveniently termed "expenditure of the Japanese Government abroad." Of this expenditure there are two distinct categories—first, war expenditure (payment for warlike stores and supplies, &c.) which is non-recurring, and second, interest and redemption of national and

municipal loans. Before going any farther, however, it is convenient to give here a third table which shows exactly how the whole year of 1905 balanced for the nation :—

TABLE No. 3.

	Yen.
Invisible Imports (Receipts, see Table 1)	70,205,185
Invisible Exports (Expenditure, see Table 2)	232,978,991
Balance, being excess of Exports (Expenditure)	162,773,806
Excess of merchandise imported per Customs statistics for 1905	167,004,407
Total excess of Imports	329,778,213
Amount received by the Government on account of foreign loans floated in 1905	626,000,000
Balance in favour of Japan	296,221,787
Total output of gold in Japan, 1905 :—	
Output in the interior	Yen 3,000,000
" " Hokkaido	330,000
" " Taiwan	2,000,000
	5,330,000
Final Balance in favour of Japan	301,551,787

It will be seen from this table that at the end of 1905, thanks to the large sum of Yen 626,000,000 received by the Government on account of foreign loans floated during the year, there was a final balance in favour of Japan amounting to over three hundred million yen. But had it not been for these foreign borrowings there would have been an adverse balance of the same size ; European loans, therefore, just reversed the situation. In the year 1906, although the war expenditure had terminated, the interest and repayment account had reached the high figure of, approximately, Yen 110,000,000,¹ which must be maintained for a large number of

¹ This, however, is by no means certain. The Government statement issued during the present year is curiously involved and cannot be properly understood.

years; and when the minor categories of invisible exports are added to this the yearly total is increased to probably Yen 130,000,000. If, now, it be assumed that the invisible imports average Yen 70,000,000 yearly (as in 1905), then Yen 60,000,000 per annum must be made up by a growth of exports or by foreign loans. In 1905 Yen 5,000,000 stood at the nation's credit through trading (balance of exports over imports), leaving some Yen 55,000,000 to be covered by loans. On the other hand, it is known that a large sum, said to amount to Yen 300,000,000, or even more, was still held in London at the beginning of 1907 to the credit of the Japanese Government, and that some fifty million yen more have yet to be received from Russia (prisoners-of-war account). Therefore, for the purpose of redressing the final account at the end of each twelvemonth, Japan has still ample funds for several years to come, although purchases abroad to complete her new armaments will substantially reduce this reserve fund. The crux of the whole future of the country may be said, therefore, to lie in the rapid increase of her foreign trade and in establishing the yearly Budget on solid foundations. For at least two years no crisis can arise owing to the scientific manner in which foreign borrowings have been manipulated; but if after the year 1909 bad harvests occur and exports do not expand at a somewhat remarkable pace, Japan will find herself face to face with a financial situation which may necessitate a suspension of loan pay-

ments and a complete recasting of her financial scheme.

In circumstances containing such dramatic possibilities, even a consideration of the ordinary commerce of the nation is invested with an amount of fascination not generally to be found in the study of cold figures, and the very centralisation and minute detail work, which are to-day such features of the Japanese system, materially aid this examination. The following table gives a complete list of the Japanese exports and their values for the years 1905 and 1906, and shows the remarkable expansion, amounting to more than a hundred million yen, made in the latter year :—

EXPORTS FROM ALL JAPAN.

	1906.	1905.	Increase or Decrease.
<i>Manufactured Articles :—</i>			
	Yen.	Yen.	Yen.
Silk Tissues, Habutai	32,768,525	28,057,980	+ 4,710,545
„ „ Kaiki	507,380	614,525	- 107,145
„ Handkerchiefs	5,622,038	4,892,611	+ 729,427
Cotton Tissues	15,617,942	11,792,684	+ 4,125,858
„ Undershirts and Drawers	2,563,972	1,681,654	+ 882,318
Towels	2,174,962	1,608,087	+ 566,875
Matches	10,915,905	10,360,762	+ 555,143
Mats and Matting			
Hanagoza	5,829,643	5,086,987	+ 742,656
Porcelain and Earthenware ...	7,942,927	5,324,344	+ 2,618,583
Lacquer Ware	1,721,531	1,234,021	+ 487,510
Umbrellas, European style ..	1,792,412	1,582,798	+ 209,614
Cigarettes	1,773,419	3,092,133	- 1,318,714
Beer	1,563,658	1,337,447	+ 186,211
Saké	3,122,897	4,982,365	- 1,859,468
Refined Sugar	10,984,204	3,861,016	+ 7,123,188
Clothing and Accessories ...	9,667,182	5,576,849	+ 4,090,333
Drugs, Medicines, and Chem- icals	2,937,336	2,486,030	+ 451,306
Carried forward	117,505,933	93,571,693	+ 23,934,240

EXPORTS FROM ALL JAPAN—*continued.*

	1906.	1905.	Increase or Decrease.
<i>Manufactured Articles</i> (con- tinued):—			
	Yen.	Yen.	Yen.
Brought forward	117,505,933	93,571,693	+ 23,934,240
Paper and Paper Manufactures	4,634,892	3,003,227	+ 1,631,665
Manufactures of Bamboo ...	1,072,224	900,555	+ 171,669
Brushes	1,193,718	897,847	+ 295,871
Fans	1,221,082	917,157	+ 303,925
Glassware	2,073,131	1,753,194	+ 919,937
Soap	821,653	676,129	+ 145,524
Stationery	958,748	704,546	+ 254,202
Steamers	72,823	797,200	- 724,337
<i>Manufactured Articles, Half- wrought</i> :—			
Silk, Raw	110,442,800	71,843,755	+ 38,599,045
„ Noshi and Waste	5,815,149	6,233,164	- 418,015
Cotton Yarns	35,303,526	33,246,462	+ 2,057,064
Straw Plaits	3,572,679	3,827,108	- 254,429
Tea	10,767,090	10,584,322	+ 182,768
Camphor	3,632,785	2,506,233	+ 1,066,522
Timber	9,329,359	5,197,230	+ 4,132,129
Wood Chip Braid	1,143,859	1,626,873	- 483,014
<i>Raw Products</i> :—			
Coal	16,280,072	14,267,867	+ 2,012,205
Rice	3,687,083	3,126,989	+ 560,094
Cattle-fish	2,219,150	2,157,830	+ 61,320
Seaweed and Cut Seaweed ...	1,834,484	1,549,397	+ 285,087
Mushrooms (Shiitake) ...	1,302,896	1,036,949	+ 265,947
Copper, Coarse and Refined ...	25,104,955	16,048,452	+ 9,056,503
Fish Oil	1,222,984	743,324	+ 479,660
Vegetable Wax	1,092,447	804,229	+ 288,148
Menthol Crystals and Oil ...	888,693	1,289,215	- 400,522
Sulphur	1,291,911	971,921	+ 319,990
Furs	1,033,116	726,036	+ 307,080
Others	60,199,622	40,734,636	+ 19,474,986
Total Yen	423,754,892	321,533,610	+ 102,221,282

From this list it will be seen that silk accounted for nearly forty-five per cent. of the advance made; that copper, largely owing to the enhancement in the price of that metal throughout the world, was responsible for a further nine per cent.; that

refined sugar gave another seven per cent. ; cottons seven and a half per cent. ; timber four per cent. ; porcelain two and a half per cent. ; and coal two per cent. Thus approximately seventy-five per cent. of the advance is accounted for by the increased export of seven articles ; and therefore on the exports of silk, copper, sugar, cottons, timber, porcelain, and coal, the financial fate of Japan may depend.

Equally interesting is the companion table, which gives the comparative figures for the years 1905 and 1906 of the principal articles of import for the whole of Japan :—

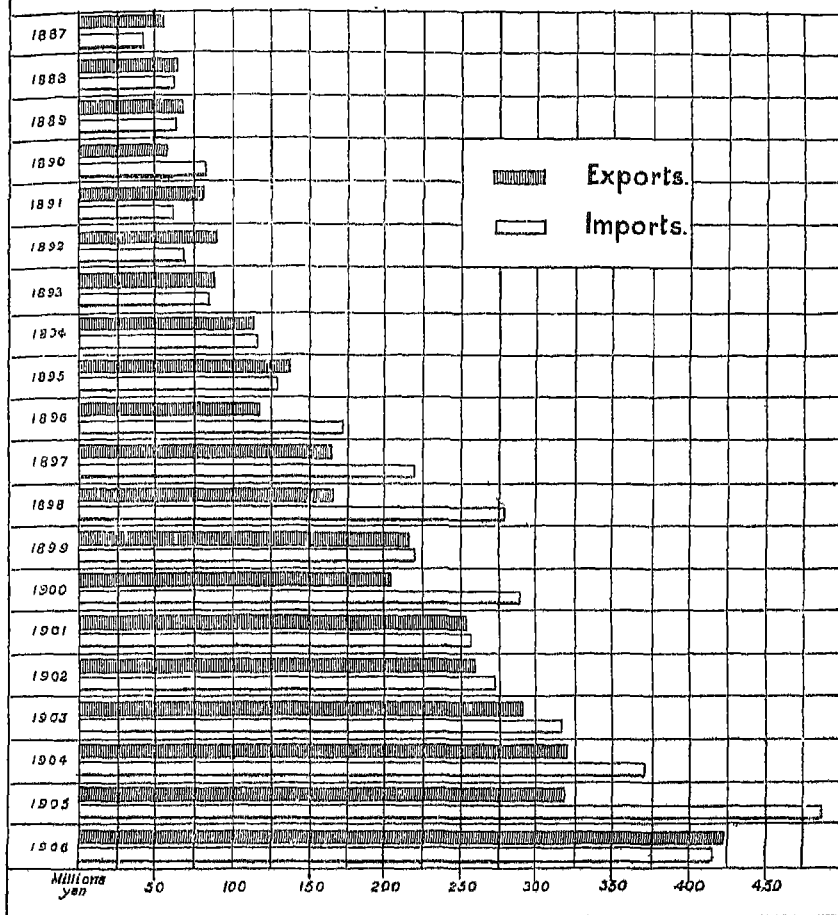
IMPORTS FOR THE WHOLE OF JAPAN.

	1906.	1905.	Increase or Decrease.
	Yen.	Yen.	Yen.
Raw Cotton	82,661,859	110,623,183	- 27,961,324
Cotton Yarn	4,656,342	1,701,866	+ 2,954,476
Wool	9,174,028	8,347,568	+ 826,760
Woollen Yarns	2,439,588	5,150,399	- 2,710,811
Flax, Hemp, Jute, &c.	3,374,099	3,358,251	+ 15,848
Iron Nails	2,630,914	2,609,431	+ 11,483
Rails	2,216,192	942,633	+ 1,273,559
Iron, Bar and Rod	5,729,753	7,197,765	- 1,468,030
Iron, Pipes and Tubes	1,993,763	2,136,829	- 143,136
Iron and Mild Steel :-			
Pig and Ingot	3,822,667	5,534,014	- 1,711,347
Plate and Sheet	5,400,124	5,694,934	- 294,810
Galvanised Sheets	3,406,131	3,361,870	+ 38,261
Tinplates	539,433	4,698,063	- 4,158,630
Telegraph Wire	1,137,987	1,206,068	- 68,081
Material for Bridges and			
Buildings	804,123	577,899	+ 326,024
High Class Steel	1,339,628	2,198,529	- 858,901
Aluminium	788,963	1,096,398	- 307,435
Copper	109,702	1,900,476	- 1,790,774
Lead	1,457,498	1,295,796	+ 161,712
Nickel	666,486	1,177,642	- 511,176
Tin	1,188,679	1,628,150	- 439,471
Carried forward	135,537,959	172,437,764	- 36,899,805

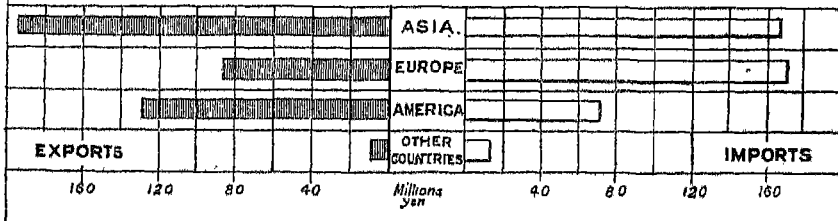
IMPORTS FOR THE WHOLE OF JAPAN—*continued.*

	1906.	1905.	Increase or Decrease.
	Yen.	Yen.	Yen.
Brought forward	135,537,959	172,437,764	- 36,899,805
Zinc	2,210,792	4,138,799	- 1,921,005
Indigo, Dry and Artificial ...	4,446,872	2,829,736	+ 1,617,133
Paper	6,414,373	6,337,405	+ 76,968
Leather, sole and other	3,022,911	14,050,371	- 11,027,460
Hides	1,567,450	2,189,075	- 622,225
Machinery and Engines	18,705,982	20,923,351	- 2,217,369
Locomotive Engines, Railway Passenger and Freight Cars...	2,913,208	4,376,906	- 1,463,698
Steam Vessels	1,742,282	7,660,293	- 5,918,011
Mousseline de Laine	2,671,568	3,066,369	- 394,801
Woollen Cloth	11,266,918	10,879,308	+ 387,610
Cotton Drills	94,172	1,012,292	- 918,120
„ Duck	112,501	1,708,211	- 1,595,710
„ Prints	2,572,330	1,392,977	+ 1,179,353
„ Satteens and Italians ...	2,187,795	1,999,924	+ 187,871
„ Velvets	713,145	864,089	- 150,944
„ Flannels	1,054,232	481,533	+ 572,699
Shirtings, Grey	7,450,071	6,253,121	- 1,196,950
„ White	1,284,184	1,699,826	- 415,642
Umbrella Cloth	1,593,348	792,334	+ 801,014
Woollen and Mixture Cloths ...	3,345,546	4,544,458	- 1,233,912
Flax, Linen and Jute Canvas...	159,346	2,381,214	- 2121,868
Sugar, Brown and White ...	23,725,974	13,706,188	+ 10,019,786
Rice	26,172,079	47,981,265	- 21,809,186
Beans, Peas and Pulse	9,718,290	10,593,112	- 874,822
Flour, Wheat	8,190,982	9,951,367	- 1,760,385
Wheat	1,371,748	4,012,092	- 2,640,344
Grains and Seeds	2,671,653	3,986,536	- 1,314,883
Condensed Milk	1,508,774	1,608,359	- 99,605
Beverages and Comestibles ...	5,006,185	3,785,189	+ 1,220,996
Kerosene Oil	12,326,893	12,061,261	+ 265,632
Oil Cake	15,650,133	11,350,278	+ 4,289,855
Manures	13,832,172	10,987,240	+ 2,844,932
Photographic Apparatus and Supplies	712,573	688,577	+ 24,016
Watches and Parts	2,927,349	1,575,078	+ 1,352,271
Clothing and Accessories ...	2,456,262	1,840,747	+ 615,515
Drugs, Chemicals and Medi- cines	10,169,794	10,909,106	- 739,312
Aniline Dyes	2,496,582	1,679,892	+ 916,690
Glass	2,865,952	1,762,438	+ 1,103,514
Paraffin Wax	1,635,736	1,108,344	+ 527,392
Cocoons	799,140	531,262	+ 267,878
Raw Silk	1,605,696	1,223,170	+ 382,526
Blankets	354,583	4,708,066	- 4,353,483
Tobacco	1,745,003	2,217,571	- 472,568
Coal	259,990	5,464,722	- 5,205,732
Others	59,453,318	52,824,951	+ 6,628,367
Total	418,784,108	488,538,017	- 69,753,909

TOTAL VALUE OF EXPORTS & IMPORTS OF COMMODITIES IN JAPAN.



THE GROWING TENDENCIES OF JAPANESE TRADE ARE WELL ILLUSTRATED IN THIS TABLE, & TOWARDS AN ASIATIC MONOPOLY.



This table of imports, showing a shrinkage for the year 1906 of nearly seventy million yen, is of course in a way considerably less significant than the previous list of exports. In 1905 large importations of raw and manufactured materials were still arriving to feed the war. In 1906, with peace in the land, a single item such as leather—so indispensable for military purposes—shows a diminution of eleven million yen; and steam vessels and railway materials, necessary in 1905 to fill the gaps created by the exigencies of war, accounted for a further shrinkage of nearly seven and a half million yen. But most remarkable of all are two items accounting for about seventy per cent. of the total decrease of 1906. These are raw cotton, which diminished by nearly twenty-eight million yen, and rice, which diminished by nearly twenty-two million yen. The first is by far the most important raw stuff imported into Japan; the second is the Japanese staff of life. Cotton must be imported in growing quantities if the cotton industry is to flourish; rice is an absolute essential to a rapidly-expanding population such as that of Japan. Now, both of these diminutions, which did so much to cause the victory of exports over imports, were due to exceptional causes—in the first case, to the fact that in the year 1905 immense stocks of cotton had been purchased by Japanese spinners, leaving large quantities on hand during 1906; in the second, to the fact that the rice-crop was an exceptionally good one, and

that army-orders for bulk shipments had ceased. In this respect, therefore, 1906 must be rated a somewhat abnormal year as regards the two main categories of imports; for expert opinion has already decided that increased supplies of both cotton and rice must be obtained in 1907. It is clear, then, that the total of imports cannot be maintained at its present reduced figure without sterilising industrial activities.

In such circumstances the continuous energy, abroad as well as at home, of the Japanese Government—the official middleman of the whole nation—is intelligible, even though it be deemed reprehensible by independent observers, in whom certain principles of fair play and equal opportunity for all, irrespective of nationality, are ingrained. The Japanese Government, with its mind fixed on the balance of trade and the necessity of securing that the drain of loan-repayment does not upset its entire plan of campaign, is simply attempting to arrange that an increase of imports shall occur only *pari passu* with a still larger increase of exports arising out of a great industrial movement. If only cotton and rice could be obtained within the limits of a Japanese *Zollverein*, in the eyes of the Tokyo Government one of the main dangers of the present situation would be dissipated, and certain projects, now being held back because of a growing nervousness, would speedily be put into execution.

With such conditions prevailing it is easy to

understand the importance to Japan of the Korean question. For were Korea to become an appanage of the Japanese crown, the cultivation of cotton and rice on a definite plan might be ordered, and if necessary, forcibly carried out, thereby securing that during the next five or six economically crucial years things would continue to remain just sufficiently in Japan's favour to allow the completion of the entire and extraordinarily comprehensive *post bellum* plan. Korea, however, cannot be seized without the open ruin of Japan's European and American credit; and since European and American borrowings are necessary during the present transition period in order to permit the heavy expenditure on armaments to be maintained and the industries of the country to be pushed forward, Japan must stay her hand in Korea until she is financially independent of the white nations. The situation, therefore, grows in interest as each new factor is examined and understood; and something of the subtle work which Japanese statesmen are now undertaking becomes clearer and clearer. For to every advantage, geographical and otherwise, which Japan possesses, there is to be found a corresponding obstacle which has to be overcome; and as each successive obstacle is overcome or its importance diminished, enabling another big forward movement to take place, other fresh difficulties are disclosed, which only renewed efforts and silent patience can strip of their dangerous qualities.

Korea, therefore, is of very little use at the present moment in aiding in the readjustment of Japan's complicated balance sheet. At best it is an "invisible export," since if Japanese emigration into Korea can be largely increased, the home remittances of the emigrants must in the end amount to a respectable sum and promote a big export of Japanese manufactures to the Hermit Kingdom.

But apart from this, although both cotton and rice already flourish in Korea, the latter staple will never be available for export in large quantities, owing to the mountainous nature of the country and to the fact that the valleys and plains already contain a population of ten million natives. Rice cannot be found by Japan in sufficient stores in such northerly climes. It must come from the south; and ultimately, for that reason, Japan's path of empire must be southward, rather than northward or westward or eastward. Already most of the importations of rice come from Saigon or Rangoon; for although sufficient quantities might be drawn from the Yangtze Valley, the prohibition placed by the China Treaties on the exportation of this staple Chinese foodstuff makes this impossible, except at special periods which are covered by special rules. The ideal Japanese colony is, therefore, in the south. The Philippines and Indo-China are the best and richest regions, and could supply Japanese wants for centuries to come; but unfortunately two

Great Powers bar this way southward, and without war these granaries could not be seized. That an attempt may be made to seize one or the other at some period during the present century is not so unlikely as it now appears, and it therefore behoves statesmen to note how intimately connected all Asia has become with the rise of the New Japan. So important are these questions of foodstuffs and materials for manufacture that three more tables must be given to make the position perfectly clear. The first shows the total importation of foodstuffs into Japan, item by item during the past four years :—

	1906.	1905.	1904.	1903.
	Yen.	Yen.	Yen.	Yen.
Beans, Peas, and Pulse	9,718,290	10,593,112	8,624,846	7,993,412
Flour	8,190,982	9,951,367	9,625,398	10,324,420
Rice	26,172,079	47,981,265	59,791,911	51,960,272
Sugar	23,725,974	13,706,188	23,043,008	20,966,031
Eggs	1,176,932	953,358	493,012	815,237
Salted Fish ...	1,919,145	736,271	580,202	1,591,321
Condensed Milk ..	1,508,774	1,608,379	1,178,099	979,900
Wheat	1,371,748	4,012,092	1,536,773	4,767,839
Grains and Seeds ...	2,671,653	3,986,536	3,139,699	2,391,922
Totals... ..	76,455,577	93,528,568	108,012,948	101,790,544

This table tells its own story. It seems quite clear that the year 1906 was exceptional in every way, and that large increases in the importations of all foodstuffs must be expected during succeeding years. The next table gives the corresponding figures for the import of materials for manufacture :—

	1906.	1905.	1904.	1903.
	Yen.	Yen.	Yen.	Yen.
Cotton	82,661,859	110,623,183	73,420,386	69,518,110
Wool	9,174,328	8,347,568	9,971,055	4,811,811
Flax, Hemp, Jute, and China Grass..	3,374,099	3,358,251	2,262,258	1,758,065
Indigo	4,446,872	5,829,739	2,117,678	4,350,816
Aniline Dyes ..	2,496,582	1,679,892	1,046,369	1,430,043
Logwood Extract...	126,622	262,425	60,897	144,812
Phosphorus ...	595,111	513,023	386,108	354,971
Paraffin Wax ...	1,635,736	1,108,344	1,262,885	947,531
Chlorate of Potash..	1,098,620	767,311	785,478	750,587
Leather	3,022,911	14,050,371	4,364,967	1,532,268
Cotton Yarns...	4,656,342	1,701,866	343,290	766,287
Woollen Yarns ...	2,439,588	5,150,399	2,912,711	1,144,073
Metals and Metal Manufactures ...	48,202,625	56,254,880	30,594,946	23,890,434
Caustic Soda...	976,375	1,137,264	639,151	705,053
Tussah Silk ...	1,605,696	1,223,170	437,083	596,725
Pulp	1,764,002	1,047,229	855,579	—
Totals... ..	168,277,408	210,054,985	131,370,941	112,701,586

There can be no question that cotton and metals must continue to be imported on an ever increasing scale, and in this connection it is worthy of special note that Japan is already forced to draw nearly her entire supplies of iron-ore from the Yangtsze Valley. If it is true that steel is the real measure of industrial strength, this is peculiarly significant; and the Yangtsze Valley may become as necessary to Japan as a southern granary. The third table is a comparative statement of the import of textiles, and shows that in spite of the efforts of Japanese manufacturers and the existence of a scientific Customs tariff, to which further reference will presently be made, the growth of well-being and luxury throughout the nation is slowly demanding

fabrics superior to those supplied by Japanese mills:—

	1906.	1905.	1904.	1903.
	Yen.	Yen.	Yen.	Yen.
Cotton Prints	2,572,330	1,392,977	532,093	1,975,376
„ Drills... ..	94,172	1,012,292	1,221,702	108,644
„ Satins and Italians	2,187,795	1,999,924	656,546	1,140,858
„ Velvets	713,145	864,089	293,577	759,709
„ Flannels	1,054,232	481,533	272,115	536,946
„ Duck	112,501	1,708,211	1,005,969	74,298
Grey Shirtings	7,450,071	6,253,121	2,335,702	3,605,876
White „	1,284,184	1,699,826	637,562	648,492
Turkey Reds... ..	—	186,602	7,426	361,787
All other Cottons... ..	4,272,233	3,432,987	2,649,581	1,835,584
Blankets	354,583	4,708,066	6,423,113	166,269
Flannels (Cotton Mix- tures)	422,604	225,279	190,089	104,216
Flannels... ..	316,495	414,670	108,947	284,799
Italian Cloth... ..	525,339	775,179	165,378	650,579
Mousseline de Laine ...	2,671,568	3,066,369	1,818,551	4,189,076
Woollen Cloths	11,266,918	10,879,308	1,754,255	2,610,394
Partly Woollen Cloths...	3,315,546	4,549,458	825,983	954,852
All other Woollens ...	2,583,900	1,824,192	1,580,449	1,619,178
Flax, Linen, and Jute Canvas	159,346	2,381,214	480,701	16,136
Totals	41,356,962	47,855,297	22,959,739	21,573,069

The increasing anxiety of the Japanese Government to promote Japanese industries and enterprises, which critics possessing but a superficial knowledge of the facts stupidly proclaim as a mere Boxer-like hatred of the European and all his works, is inspired, then, by a definite knowledge of the many dangers which can only be understood by the aid of endless strings of figures, and by a proper estimation of the *non-effectiveness*, measured by a Caucasian standard, of each individual Japanese in industrial and other constructive work. This anxiety is thus something

quite different from hatred, although, of course, competition which is at first ineffective until extraordinary and favourising aids are introduced, tends to inspire jealousy, and jealousy is the soured mother of hatred. This anxiety, further, extends to every field of the nation's enterprise, and scrutinises from day to day—almost one might say from hour to hour—not only its trade imports and exports and its every activity, but even its invisible exports and imports and its whole invisible life. Nothing so extraordinary and peculiar has ever been seen in the history of modern nations, for although Prussia is undoubtedly the real Japanese model, the entire absence of individualism in the real sense among the Japanese makes it possible for the Tokyo Government to act as no European Government—neither that of Russia nor that of Germany—would dare to act. Such a condition of dependence on bureaucracy has scarcely ever been seen before. In this connection it is interesting to insert a complete list of the subventions and aids granted by the Treasury during the present fiscal year (1907–1908), in order to show the extent to which the Government protects, oversees, and controls scores of different concerns by the simple method of granting subsidies, entailing the presence of Government officials and Government inspectors. And in order to obtain a proper understanding of the power of this Government influence, the list must be read with a constant remembrance of the facts that the railways are being nationalised as rapidly as possible ;

that tobacco, salt, and camphor are Government monopolies ; that the Customs tariff is regulated in such a fashion as to help all classes of manufacturers, and, at the same time, to reduce them to a position of dependence on the Government (which would have no difficulty in “remedying” the tariff to coerce recalcitrants) ; and that the great banks are all mere Government departments.

I.—AIDS AND SUBVENTIONS FIXED PRIOR TO THE FISCAL YEAR 1907-8.

(a) Department of Home Affairs—

Yen.

For the Prevention of Contagious Diseases	221,211
Grants to Localities	203,765
Expenses of Repairing the Enclosure of the Palace ...	26,000
Education in the Ogasawara Islands	2,433
" " Okinawa Prefecture	3,440
Okinawa Local Expenditure	41,235
Ogasawara Sanitary and Hospital Expenses... ..	1,320
Okinawa " " " " " " " "	4,800
Preservation of Old Shrines	150,000
Tokyo Water Works	170,000
Osaka Harbour Works	468,000
Works to prevent Siltling... ..	200,000
Itohkaido Local Expenses	470,000

(b) Finance Department—

Pensions for Primary School Teachers	...	...	...	...	...	70,249
Agricultural and Manufacturing Bank	...	...	...	...	...	5,000
Pormosa Bank	...	...	...	...	...	250,000
Fund for Succouring Calamities	...	...	...	...	...	425,000

(c) Education Department—

[illegible]

(d) Department of Agriculture and Commerce—

Agricultural Associations...	148,500
Agricultural Experiment Stations ...	84,932
Marine Products Experiment Stations ...	64,854
Manufacturing Experiment Stations ...	30,000
Training Business Students ...	64,818
Deep-Sea Fishing ...	106,816
Sugar Cultivation in Oshima (Kagoshima) ...	7,800
Instruction in adjusting Farm Boundaries ...	9,000
Encouragement to adjustment of Farm Boundaries ...	415,000

Carried forward	4,969,743
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I.—AIDS AND SUBVENTIONS FIXED PRIOR TO THE FISCAL YEAR 1907-8
—continued.

	Yen.
Brought forward	4,969,743
(e) Communications Department—	
International Railway Union	200
International Navigation Council	2,000
Australian Steamship Line	473,092
Ports of Call	50,000
European Steamship Line	2,673,895
Seattle Steamship Line	654,030
San Francisco Steamship Line	1,013,880
Far Eastern Sea Steamship Line	530,000
Okinawa Saki Steamship Line	9,000
„ Steamship Line	5,400
Encouragement to Navigation	1,538,004
„ Ship-building	798,500
Grand Total	12,717,744

II.—ADDITIONAL AIDS AND SUBVENTIONS ASKED FOR IN 1907.

(a) Department of Home Affairs—	Yen.
Akita Water Works (part of additional grant of 32,000 yen on account of increase of works)	16,000
Kyoto Water Works (part of a new grant of 750,000 yen)	40,000
Osaka „ „ („ „ „ 2,420,000 „)	60,000
Nagoya „ „ („ „ „ 1,170,000 „)	29,000
Niigata „ „ („ „ „ 215,000 „)	27,000
Moji „ „ („ „ „ 341,000 „)	30,000
Sakai „ „ („ „ „ 150,000 „)	28,000
Takasaki „ „ („ „ „ 145,000 „)	17,000
Otaru „ „ („ „ „ 250,000 „)	20,000
Nagoya Sewage Works („ „ „ 566,000 „)	10,000
Hiroshima „ „ („ „ „ 325,000 „)	22,000
Miye Roads Improvement „ „ „ 152,000 „)	63,000
(b) Department of Finance—	
Education of Settlers in Korea (grants to each of the Settle- ment Schools within a total limit of 20,000 yen)	20,000
Marine Products Guild, Korean Waters	20,000
(c) Department of Justice—	
Works for Encouraging Released Convicts	10,000
(d) Department of Agriculture and Commerce—	
Aid to Prevent Diseases of Silkworms... ..	100,000
Aid for building Coal Furnaces for Ceramic Wares (namely, 5,000 yen each for every complete furnace constructed of this nature)	10,000
Encouragement to Mulberry Culture	80,000
Carried forward	602,000

II.—ADDITIONAL AIDS AND SUBVENTIONS ASKED FOR IN 1907—*continued*.

Brought forward	...	...	...	...	...	...	...	Yen. 602,000
(c) Department of Communications—								
Education of Seamen	...	...	...	...	...	...	...	5,000
Relief of Disasters at Sea	..	...	...	..	...	...	...	20,000
Subsidy for China S. S. Service	..	...	...	...	...	...	...	800,000
(The above three grants are for five consecutive years beginning from the fiscal year 1906-7.)								
Subsidy for S.S. Service in Japanese Waters	...	...	...	...	...	...	...	351,000
“ “ “ to Ogasawara	...	...	...	...	...	...	...	15,480
“ “ “ to Kagoshima Islands	...	...	...	...	...	...	...	22,800
“ “ “ to Ogasawara Islands	...	...	...	...	...	...	...	1,520
“ “ “ to Oki Island	...	...	...	...	...	...	...	5,400
(The above five grants are for three consecutive years beginning from the fiscal year 1906-7.)								
Subsidy for S.S. Service to Hokkaido	...	...	...	...	...	...	...	189,512
(For four consecutive years beginning from 1906-7.)								
Subsidy for S.S. Service to Tairen	...	...	...	...	...	...	...	140,000
(For five consecutive years beginning from 1907-8.)								
Subsidy for S.S. Service to Izu Islands	...	...	...	...	...	...	...	7,560
(For three consecutive years beginning from 1907-8.)								
Total of New Grants in 1907-8								2,160,272
Grand Total of Old and New Grants for 1907-8								14,878,016

It will be seen from this list that the subsidising scheme reaches every enterprise whose success will immediately affect the nation's annual balance-sheet. Silk cultivation is assisted, as silk is an important export; water-works are subsidised in a dozen different places to assist the growth of industries in the surrounding districts; but most significant of all is the shipping policy. There is the encouragement to ship-building in the form of cash bonuses on the construction of all vessels over 1,000 tons; there is encouragement to navigation in the usual forms of a sea-mileage grant; and last of all there is a complete list of subsidies, which covers all the important shipping companies and which enables them almost to work at a loss, safe in the knowledge that at the

end of each financial year—during a definite long-term period provided for in the Budget—there will be the Government dole to distribute among directors and shareholders. Such shipping subsidies form the most interesting category for the European critic, because it is impossible for neutrals to meet such favoured competition on equal terms, although the superior business capacity of Europeans and their abundance of capital are factors which have hitherto not been overcome by Japanese companies and pools. Therefore the shipping question merits special attention, since not only is it a very important and decisive factor in the general Japanese balance-sheet—the subject immediately under discussion—but it exercises a great influence on European enterprise in the Far Eastern waters. If Japan could only become the general carrier of Eastern Asia, her finances would gradually lose their present danger; and how keenly this is appreciated is shown by the fact that although 1906 is hardly ended at the moment of writing, an analysis has already been made of the value of the goods carried to and from Japan in Japanese and foreign bottoms during the year:—

	Exports	Imports.	Totals.
	Yen.	Yen.	Yen.
Value carried in Japanese bottoms	176,320,247	85,696,250	262,016,497
“ “ “ Foreign “	232,505,860	325,352,585	557,858,445
Total	408,826,117	411,048,835	819,874,942

These figures are said to cover the nine ports of Yokohama, Kobe, Osaka, Nagasaki, Hakodate, Yokkaichi, Moji, Bakan, and Kochinotsu. Although they are not complete—for the official returns show that the total volume of the trade for 1906 was over eight hundred and forty-one millions of yen—they may be assumed to be substantially correct. It will be seen that foreign shipping trading to and from Japan still carries twice as much in value as does Japanese shipping, and that this predominancy is equally marked in exports and imports. The amount of money thus lost by Japan in freight—it is counted lost and wrongly lost by patriotic Japanese—must be very considerable ; and it is therefore the set purpose of the Japanese shipping policy to terminate such a state of affairs. In pursuance of this idea there has been a remarkable growth in Japanese steam shipping ; a few years ago it amounted to only a couple of hundred thousand tons, but now measures more than a million tons.

According to official returns, there were 1,492 steamships in Japan at the end of December, 1906, displacing 1,034,455·96 tons gross and 654,243·48 tons registered. One vessel was of over 7,000 tons gross ; twenty were between 6,000 and 7,000 tons ; six between 5,000 and 6,000 ; thirteen between 4,000 and 5,000 ; forty-two between 3,000 and 4,000 ; one hundred and eight between 2,000 and 3,000 ; and one hundred and thirty-one between 1,000 and 2,000. Sailing vessels numbered 4,044, displacing 346,362·02 tons gross and 324,668·38 tons regis-

tered; of these one was of over 2,000 tons gross and five hundred were of 1,000 tons each. There was no sailing ship between 1,000 and 2,000 tons.

It will be seen from these figures that Japan has even now a respectable number of moderately-sized passenger- and cargo-boats, and that the tonnage is already sufficiently large to take a considerable proportion of the Far Eastern trade. But for the moment, the fortunate point—for the European competitor—is that much of that tonnage is antiquated and so ill-fitted for mercantile use that in European or American waters it would have been broken up long ago. Indeed a very large proportion consists of iron tonnage sold off cheaply by European firms, as too uneconomical for modern use. The ordinary life of a merchant steamer may be reasonably taken to be twenty years, but an interesting list (see p. 457) has recently been compiled by a Japanese authority showing that in the Japanese Mercantile Marine there are a good many vessels more than forty years old.

This list, which is known to be by no means complete, shows that there are actually ships in use which are more than fifty years old, and that some four hundred thousand tons gross—or nearly forty per cent.—of the Japanese steam shipping is antiquated and therefore uneconomical. Only the cheapness of Japanese steam-fuel and the low running expenses of Japanese steamers permit such tonnage to be profitably employed—albeit at some danger to those on board. But this state of affairs will not

Name of Company or Firm.	Date of Building	Gross Tonnage.
Nippon Yusen Kaisha	1860	756
	1870	7,762
	1880	19,371
	1885	18,571
	1900	78,549
Osaka Shosen Kaisha	1880	6,259
	1885	3,200
	1890	31,996
Toyo Kisen Kaisha	1900	25,999
Nippon Shosen Kaisha	1890	18,792
	1880	3,316
	1885	4,370
Tanko Kisen Kaisha	1870	1,599
	1880	4,310
	1890	2,942
Hiromi Firm	1870	1,746
	1880	3,221
	1885	16,328
	1890	1,406
Mitsubishi Kaisha	1890	3,185
	1900	7,784
	1885	6,223
Mitsui Bussan Kaisha	1890	15,733
	1900	4,551
	1890	1,609
Oya Firm	1900	1,600
Tanaka Firm	1880	1,592
	1890	1,236
	1850	3,281
Nihon Senshu Domei-kai	1870	43,677
	1880	21,159
	1885	70,050
	1890	1,900

continue long. Japanese ship-building yards are fully engaged for at least two years ahead with the construction of modern steamers ranging from 3,000 tons to 10,000 tons, and by 1909 a quarter of a million tons of new Japanese shipping will have taken the water. This will permit of a general all-round improvement in the Japanese ocean services, and the water competition which is already severely felt will reach its most acute stage.

The chief Japanese company, which leads this

movement since it is the carrier of the Government mails, is of course the well-known Nippon Yusen Kaisha or Japan Steamship Company, which already possesses a fleet of 262,000 tons and will in the course of the next two years add from fifty to one hundred thousand tons of new shipping. It may be said to have been created entirely by the system of Government subsidies, and the comparatively large dividends it pays (in 1906, for instance, twelve per cent. on the ordinary share capital of Yen 22,000,000) represent only a portion of such subsidies. That is to say, the company is really working at a serious loss from year to year. It draws a subsidy of Yen 473,000 for its Australian line; of Yen 2,673,000 for its European line, and of Yen 634,000 for its American line—say a total of three and a half million yen in all. The gross profits for the year 1906 amounted to considerably less than six million yen before any allowance had been made for depreciation, insurance, repairs, reserve, &c., and when those allowances had been made, the net profit amounted to less than two and a half million yen.¹

The next biggest Japanese shipping concern is the Osaka Shosen Kaisha, which owns a fleet of some 115,000 tons. Although it also receives various subsidies for its foreign and coasting lines, it was unable to pay any dividends whatsoever in

¹ In the case of certain concerns such as the Hunan Steamship Co. and the Seoul Fusan Ry. Co. the Government-guaranteed 6 per cent. dividend is all shareholders ever hoped for.

respect of the past year (1906). This company will soon be surpassed by the Osaka Shippers' Union Company—a new “pool” or “combine” which already controls some 150,000 tons of steam shipping and which hopes to include all the remaining independent shippers. These three groups will therefore wage the Japanese shipping war, and it is a curious sign that in order to conduct the services in China waters a new sub-group has already been organised which will amalgamate all the Japanese Yangtsze and China Coast lines and place them under one common management. This company starts operations with about 20,000 tons of shipping, which will be increased as soon as possible to 50,000 tons, and it is to receive a subsidy of Yen 800,000 per annum for a period of five years. The great Yangtsze river is above all the region which this company is designed to tap; and in such circumstances it is not surprising that British interests should already have taken alarm and have secured that at all treaty ports along the river British concessions shall not be available for the wharfage and warehousing of non-British concerns. This action provoked the President of the Nippon Yusen Kaisha—the parent company—into indiscreet remarks which merit being placed on record. He said that it was a matter of regret to all Japanese that British interests should have been the first to take steps against legitimate Japanese aspirations. It had been inferred, he continued, that the alliance with England would bring about co-operation in

commerce. Such, however, was evidently not to be the case, and he noted with regret that steps had been taken to exclude Japanese shipping from the only wharfage available in certain ports of the Yangtze. Japan would know what counter-action to take.

This speech is useful as an illustration of the set Japanese idea not only that their entire financial, commercial, industrial, and shipping campaign should receive the endorsement of all Englishmen and be treated as almost British, but that it should be backed and supported just as the English press applauded from day to day the victorious march of the Japanese armies during the late war. The fact is, of course, that this competition must ultimately be a life-and-death commercial struggle, and that Japan has adopted unfair means. Consequently, such citizens of "the nation of shopkeepers" as happen to be in the Far East have already begun to put into operation that admirable Japanese plan of entrenching everywhere on every foot of the vantage-ground which has previously been won by legitimate means. The effect of this policy is already somewhat severely felt by the Japanese, in spite of the great progress which they have made and are still making.¹

Coupled with this is the fact that although cheap labour is supposed to be abundant in Japan, and as

¹ It is, however, necessary to note that the shipping returns of the port of Shanghai show that during the year 1906, Japanese shipping—entered and cleared—had increased by 700 per cent; whilst there was a British shrinkage of a million tons.

a matter of fact is still fairly abundant, it is now certain that labour is becoming dearer every year, whilst it is in the mass so unskilled, and, further, is trained up to even a moderate standard with such difficulty, that many of the millions available play but little part in the economic struggle. An interesting table has been recently compiled showing

	1887.	1897.	1907.
	Yen.	Yen.	Yen.
House rent	2.50	4.50	7.00
Rice	2.77	3.30	7.20
Soy	23	37	57
Miso	20	40	60
Salt	03	04	12
Saké	15	25	35
Kerosene	24	30	51
Other oils	06	12	24
Sugar	15	30	60
Milk	90	1.05	1.35
Newspaper	25	30	35
Primary school tuition, per child ...	10	20	30
Pens, ink, paper, per school child ...	30	50	70
Hair-dressing... ..	31	38	52
Bath fee	33	60	90
Tobacco	90	1.20	1.50
Vegetables	50	90	1.50
Fish	60	1.20	1.40
Beef	60	1.20	1.80
Kofu, etc.	12	24	36
Tea	18	25	42
Firewood	16	28	40
Charcoal	45	60	90
Toilet articles	20	30	50
Communications' Fee	17	17	33
Rickisha and cars... ..	90	1.20	1.30
Ward charges	20	30	50
Stationery	30	40	60
Servant's wages	1.00	1.50	2.00
Total	14.20	22.03	37.77

how enormously all the ordinary necessities of life have risen in price in Japan during the past two decades, and how since the Chinese war of twelve

years ago there has been an advance of nearly one hundred per cent. The table is a comparative list of the minimum monthly living expenses of an ordinary middle-class Japanese household, and establishes the fact that such a modest household by pinching and scraping can just live on £50 a year. This would seem to show that within the next two or three decades Japanese living expenses will approximate the European minimum.

Yet with all this increasing expensiveness amid the growing struggle for existence, Japan makes but few efforts to exploit what she has within her own borders. All her time is taken up with the centralising work now proceeding and the overseas extensions designed to forestall other Powers. Though it has been computed that there are 23,346,000 acres of arable land in Japan, only 12,696,000, or little more than fifty per cent., are under cultivation. Much of the uncultivated land could be used for corn or for mulberry trees or for tea-growing or for cattle-runs; yet nothing is done. And, similarly, although there are more than 54,000,000 acres of forests—sixty-two per cent. of the total area of Japan—the Japanese trade in lumber is comparatively insignificant; whereas Germany—the Japanese model—with but 14,000,000 acres of forests, receives annually £5,000,000 from lumber sales. But whilst this is the condition at home, there is immense activity in lumber work on the Yalu and Tiumen rivers to the disturbance of international relations; and whilst coal-mining throughout the

whole of Japan only produces a few million tons per annum, great sums of money are being sunk in Manchuria to develop the captured Russian coal-mines and to exploit coal-measures which belong to private Chinese and have nothing to do with the Manchurian railway concession.

With the nationalisation of the railways these curious features will be even more accentuated. Out of the seventeen railways included in the nationalisation scheme, six were taken over by the Government during last year (1906), and the remaining eleven are to be similarly dealt with between the 1st July and the 1st October of the present year (1907). Although the country has just passed through a period of severe and dangerous share speculation and credit has been shaken, the Treasury considers the time almost ripe for the issue of bonds to the value of Yen 442,743,319 (say forty-five millions sterling) in payment of the railway purchases made. This will constitute a most serious addition to the National Debt; and although there is the usual programme of rapid redemption (in this case it is fixed by law at thirty-three years), together with a number of minor provisions regarding "betterments," it is in the highest sense doubtful whether the whole scheme is not as a matter of fact both speculative and wasteful.

For experience has proved that Government management in Japan is not what it should be, and that monopolies of no matter what nature are not suitable for a progressive and expanding country,

inasmuch as they both restrict competition and tend to create incompetence and a belief in the omnipotence and efficiency of the bureaucracy—which to the Anglo-Saxon, be he English or American, Canadian or Australian, is the acme of self-evident absurdity. A case which well illustrates this is the big Wakamatsu Iron Foundry, which, after having swallowed up many millions of Government money voted by the Diet, now shows a net loss of nearly twenty million yen after nine years' working. It is the opinion of competent European observers that it is simply the Government management and the almost childish manner in which the services of European experts have been dispensed with—so as to make it a purely Japanese concern—that have brought about this result. Similarly, in such a matter as telephones, which are also a Government monopoly, there have for many years been the same consistent ill-management and enormous loss of revenue because the Government will not make adequate provision for rapid installation. Tens of thousands of applicants have been waiting for years; yet whilst there is a universal outcry at the incompetence of the bureaucracy, the Government makes no attempt to improve matters. Indeed the Tokyo Department of Communications is a singularly inefficient ministry in every respect; but in spite of this the set Government policy of bringing the entire means of rapid communication over the length and breadth of the country under its rigid control is being strictly adhered to. One of the

few sound projects which were brought forward by Japanese promoters during the present year, was the scheme to build a double-track electric railway between the two centres which have the destiny of Japan largely in their hands—Tokyo and Osaka—using a far shorter route than that traversed by the Government railway and reducing the time at present consumed in this tedious journey by one half. Yet although everything was in favour of such a project, the Government has already quashed it, because its execution would interfere with its railway monopolisation plans and incidentally show how much more efficient is private enterprise with dividends to earn, than a lax Government control which can always call upon the people through their appointed representatives to make good losses which have been incurred through bureaucratic supineness.

In such circumstances, after the great nonsense which has been so freely written during the past few years on the subject of national efficiency, it would be well if there were less inclination to throw a slowly successful campaign by land and by sea into a totally wrong light and to deduce therefrom absolutely false conclusions. For when a nation is at school and consists of obedient but unenterprising persons, not too distinguished for their mentality, results may be arrived at by processes which would not only be resisted and derided in free countries but which it would be impossible even to discuss seriously. The stimulating of manufactures by a high

protective tariff may be a laudable thing from one point of view, but there must be a compensation somewhere, or else all political economy is false. It may be clever to give Government help to purely mercantile financing—as is the acknowledged case with the great Yokohama silk-exporting trade—in order to build up independence of the European; but again there must be compensation somewhere. Similarly, not only to restrict the introduction of foreign capital but to hamper that capital unless it submits to the ordered processes and places itself under the “protection” of a Government-affiliated bank, may promote the development of the set national scheme; but it also engenders suspicion, dissatisfaction, and even worse. To earmark and exploit such independent regions as Korea and Southern Manchuria to the intense dissatisfaction of the local inhabitants, when a large and rich Japanese island such as Hokkaido is left practically uninhabited, may likewise be a sign of efficiency; but it is a species of efficiency which will bring a peculiar reward. To keep foreigners in Japan on quite a different footing from the Japanese in a thousand small ways which are not indictable offences under the Treaties and cannot be properly understood except by personal experience, and at the same time to demand of the United States that Japanese shall be treated in exactly the same way as Americans, is a delicate satire which a good many Englishmen, though conservative in thought, mindful of their international obligations and fond

of justice *per se*, seem quite unable to appreciate. In a word, this whole peculiar internal scheme, which has now been briefly outlined, deserves the attention of all men of open mind, and should strengthen in them the resolve to understand more fully, before in any way permanently endorsing them, arrangements which England was led into making through loyalty and enthusiasm and not through reason and common-sense.

CHAPTER V

THE JAPANESE ARMY AND NAVY

THE condition and strength of the Japanese Army and Navy were well known before the war to students and experts, although largely unknown quantities to the general public. Briefly it may be said that both Services were in an admirable condition, and showed what wonderful results can be accomplished in a comparatively short time by the exercise of endless care and attention to detail. Yet both the Japanese Army and the Japanese Navy, compared with the sea and land forces which Russia could bring to the Far East, possessed but the smallest margin of strength compatible with safety. Japan had just enough ships to snatch sea victories from Russia in a brief struggle, and just enough troops to achieve successes on land during a rapid campaign. She was, therefore, in the position of an athlete who, although perfectly trained, has absolute limitations beyond which his strength will not carry him. There is no doubt that the knowledge of these limitations pressed too heavily on the minds of Japan's military advisers

and made their strategy lack, in the initial stages of the late war, that dash and daring which were so necessary. Indeed it would appear that from the very outset the Japanese Government never aimed at defeating Russia in the true sense of the word, although for the edification of her people and the world at large that was the object which was proclaimed. Japan aimed rather at removing the danger which threatened her in Korea and Southern Manchuria, at expunging the stigma of the years 1895 and 1896—the retrocession of the Liaotung territory and the Russian lease of Port Arthur—and at obtaining time to entrench herself wherever she penetrated. This is something quite different. For the real defeat of Russia would have involved striking at the heart of the Russian Far Eastern Empire—Vladivostock, Khabarovsk, the Amur river and Harbin—and tumbling that empire into smoking ruins. That nothing of such a nature was attempted, but only the occupation of Korea, the capture of Port Arthur and a modest campaign in Southern Manchuria, is sufficient proof of the contention which has just been advanced. It should therefore be well understood—both in justice to Japan and her present programme, and in justice to Russia—that the late war consisted simply of a successful campaign at sea and a successful campaign in the Fengtien Province of Manchuria, that it was bought to an end by a mere truce, and that Russia's land strength was then superior to Japan's.

I. The Japanese Army.

It was in 1871 that the system of conscription was first introduced into Japan. It was put into full force throughout the Empire in 1873, just at the time when the startling results which Prussia and her German allies had achieved in Europe by that system were in every mind. In 1877, during the Satsuma Rebellion, the new system received its first and rudest test. In that year, raw conscript youths drawn from the peasant classes and marshalled in battalions were placed face to face with the dread samurai of the Satsuma clan, hereditary fighting-men who were looked upon with an awe amounting almost to unreasoning fear by the bulk of the low-class population of Japan. The experiment, however, was successful after a time; and although no records were ever published to show how many battalions of these new troops were ambuscaded and butchered to the last man by the indomitable samurai—the real losses of the Government in this rebellion are supposed to have been extremely heavy—the fact was abundantly established that Japanese peasants could make as good soldiers as any men, and that modern organisation and modern arms made them the superiors of a hereditary fighting-caste which clung to antiquated methods of warfare.

In 1894–1895, after a further seventeen years of training, the Japanese Army received its first

baptism of fire in foreign lands. War broke out with China; there were the same successes as before; and the system in force was amply proved to be the right one. After the Chinese War, the Japanese Army was partially reorganised and largely increased in numbers, so that at the time of the outbreak of the struggle with Russia in 1904 it was of a respectable size and was possessed of an elastic organisation capable of much expansion from numbers too generally assumed to be its maximum strength. Its model was of course the German army; and although in the first instance some French officers lent their assistance, in military as in all other affairs the Japanese mind has always inclined finally to adopt rigid Prussian methods. Every Japanese between the ages of seventeen and forty, who is physically fit, is liable to serve either in the Army or Navy. Military service does not usually begin, however, until a man has reached his twentieth year, although between the ages of seventeen and twenty voluntary enlistment is permitted. At the outbreak of the late war the available forces of the Japanese were divided as follows :—

	Term of Service in Years.
(1) A Standing Army (Jōei) subdivided into	
(a) Active Army (Genyōki)	3
(b) First Reserve (Vōei)	4½
(2) Reserve Army or Second Reserve (Kōei)	5
(3) Conscription Reserve (Itoju) subdivided into	
First term	7½
Second term	1½
(4) National Army (Kokumin) subdivided into two classes.	

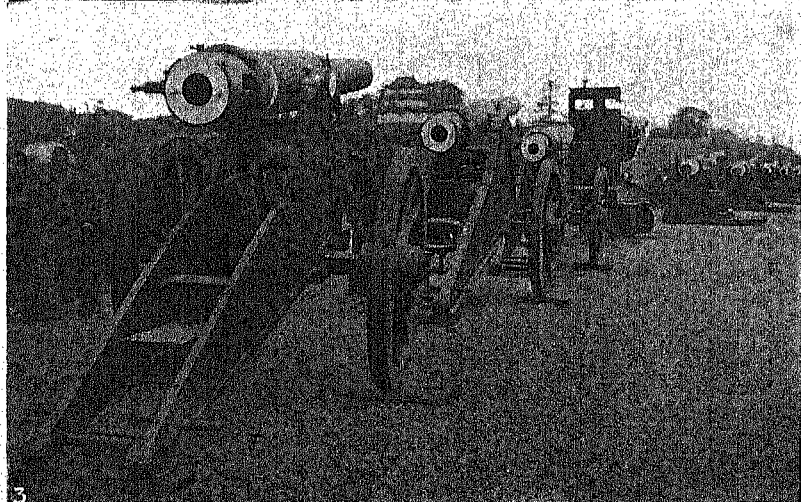
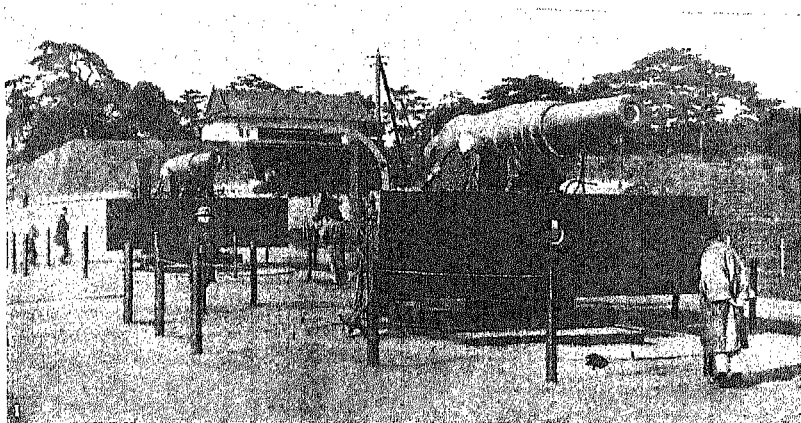
It must be further noted that the men belonging to the Second Reserve were those who had completed their service in the Standing Army, and that both they and the men of the First Reserve were necessarily called out for periodical training. The First Term of the Conscript Reserve (Hoju) consisted of those men who, though liable to conscription and medically fit, had escaped service with the colours owing to the fact that the annual contingent enlisted in the Active Army could only include a small portion of the masses of young men coming forward every year for examination and enlistment. Likewise those belonging to the Second Term of the Conscript Reserve had escaped service with the colours, and could not be inscribed in the First Term either because they were medically inferior to other men or because these *cadres* were filled to their maximum without them. The men of the First Term received a preliminary training of three months under regular officers and a further training of sixty days during the second and fourth years of service—in all five months. The men in this First Term were, therefore, exactly on the same footing as the German *Ersatz-Reserve*—conscripts liable to be called up to fill vacancies in the Standing and Reserve Armies. The men of the Second Term, being totally untrained and being inscribed only for fifteen months, were practically useless and need not be considered. It is understood that their nominal enlistment was simply to complete the idea of universal service in Japan.

Behind this regular army and its various classes of reserves was the National Army (Kokumin), subdivided into two sections. The first section consisted of men between twenty and forty years of age who had completed their service in the Reserve Army or in the First Term of the Conscript Reserve. The second section consisted of all men between the same ages not belonging to these categories, and was entirely untrained. Thus in the National Army, or *Landsturm*, there were nearly an additional quarter of a million of trained soldiers. By an Imperial Ordinance dated the 29th September 1904—*i.e.*, after the effects of the doubtful battle of Liaoyang had been well digested by the Tokyo Headquarters Staff—the term of liability to service in the Reserve Army was increased from five to ten years; the two terms in the Conscript Reserve were amalgamated and service in this reserve increased to twelve and a third years. A large increase was thus automatically insured. With the great growth in the population of Japan, the total number of youths annually available for enrolment had risen from 400,000 in the years of the Chinese War to nearly 500,000 in the years of the Russian War. Of these only some 60,000 were annually taken for service with the colours, whilst approximately 140,000 were drafted into the Hoju or Conscript Reserve. The exact number of men in all these various categories has never been accurately known, but it is generally assumed in army publications to have been approximately as follows at the outbreak of the late war:—

Active Army	180,000
First Reserve	200,000
Reserve Army	200,000
Trained Conscript Reserve... .. .	50,000
Trained men in the National Army	220,000
 Total Trained Men	 <u>850,000</u>
Untrained men—	
Liable for service in the Conscript Reserve..	250,000
Available for service in the National Army, based on the population of 46,000,000 of 1898	4,000,000

It has been calculated that when the five younger classes of the trained men of the National Army, probably 120,000 in number, were transferred to the Reserve Army in September, 1904, by the Imperial Ordinance referred to above, there were actually available for field service some 750,000 men with 68,000 officers. This was a formidable force.

At this time the Japanese Standing Army consisted of the Imperial Guard division, and twelve territorial divisions, two cavalry brigades, two artillery brigades, and certain fortress garrisons. When mobilised, each Japanese division, which is a unit complete in itself, consisted in round numbers of 11,400 rifles, 430 sabres, 36 guns, 830 engineers and 5,500 non-combatants. The total strength of a mobilised division was, therefore, in the first instance some 20,000 men ; in the last stages of the war, by the addition of fresh bodies of recruits, it approximated nearly 40,000 men. Each divisional district on mobilisation provided an addition brigade composed of Kobi or Second Reserve Men (two regiments of two battalions each), and therefore after the declaration



1. THE FAMOUS JAPANESE 11-INCH HOWITZERS ON EXHIBITION.
2. NAVAL MACHINE GUNS CAPTURED AT PORT ARTHUR ON EXHIBITION AT TOKYO.
3. CAPTURED RUSSIAN GUNS FROM PORT ARTHUR ON EXHIBITION AT TOKYO.

of war in 1904 the field troops at once available have been calculated approximately as follows:—

	Rifles	Sabres	Guns.	Engineers
Thirteen Divisions ..	148,200	5,590	456	10,790
„ Kobi Brigades	45,500	—	78	—
Depot Troops	52,000	2,600	76	2,990
Two Cavalry Brigades	—	2,300	—	—
Two Artillery Brigades	—	—	216	—
Formosa Garrison	11,000	433	66	690
Guards in Korea	1,000	—	—	—
	257,700	10,923	894	14,470

Behind these field armies of some 300,000 men were 400,000 trained men available to replace casualties. The lesson of Liaoyang was sufficient immediately to create four additional divisions—the 13th, 14th, 15th, and 16th, which, with the further creation of a similar number of Kobi or Second Reserve brigades, raised the total number of troops in the field armies, including the Guards division, to seventeen divisions and seventeen Kobi brigades. Here it may be noted that it is believed that at the time of the battle of Moukden the continual additions of men drawn from the new levies and the older classes of trained men had raised the strength of each infantry regiment of three battalions to 5,000 men and of each of the Kobi regiments of two battalions to 3,000. On this calculation there were in infantry alone some 430,000 Japanese at the battle of Moukden. At first during the late war none but men with at least a year's training were sent to the front as combatants; but during 1905

the period of necessary instruction had been reduced to six months, which gave Field Marshal Oyama, in spite of his great losses, a total force of 750,000 combatants when peace was signed. This rapid survey enables us now to look at the other side of the question.

The forces which Japan had at first to meet in Manchuria in 1904 were small. Nominally the numbers and combatant strengths of the units composing the Russian forces in the Far East at the beginning of the late war were as follows :—

Field Troops—	Combatants.
Infantry (96 battalions)	92,000
Cavalry (35 squadrons)	5,100
Artillery (25 batteries, 196 guns)	6,400
Engineers (13 companies)	2,700
Total Field Troops	106,200
Fortress Troops (26 companies)	7,700
Railway Troops	11,450
Infantry (55 squadrons)	23,450
Total Combatants	148,800

With the addition of the non-combatants the grand total of the Russian forces in the Far East at the outbreak of the war may have been some 180,000 men. But of this force 48 battalions of infantry were at Vladivostock or in the Ussuri districts, and therefore out of touch with Southern Manchuria and tactically useless; and the highest estimate which can be made of the troops actually available for service against the Japanese is much under 100,000 men. It must therefore be

evident that Japan possessed a large numerical superiority during the first half-year of the war. Further, the calling-out of the Japanese reserves and the continual training of new levies at the depots allowed Japan, in spite of the large gaps made in her ranks by the battles of Southern Manchuria and the siege of Port Arthur, to maintain that superiority all through the year 1904. By raising the strength of ordinary infantry regiments to the extraordinary total of 5,000 men and by the use of the Port Arthur army, that superiority remained with her till the battle of Moukden; but in place of the highly-trained and dashing army of 300,000 men she had first ranged in the field, the month of August 1905 found her facing General Linevitch with 750,000 men of many categories; with 100,000 old soldiers in garrisons and lines of communication; with 50,000 men in North-Eastern Korea; and with some hundreds of thousands of raw recruits at home. Opposed to her in Central Manchuria alone she had seventeen Russian Army Corps whose numbers were slightly superior to hers in combatants, whilst the vanguards of other Russian corps were beginning to arrive in Harbin at the rate of 14,000 men a week.¹ What is under-

¹ The composition of the various Russian Army Corps which took part in the war was as follows :—

(a) Army Corps of the active army from European Russia (1st, 4th, 8th, 10th, 16th, 17th), numbering 28,000 rifles and 112 guns each. The 9th, 13th, and 19th were sent to Manchuria after the battle of Moukden.

(b) Army Corps expanded from "reserve" units in European Russia (5th and 6th Siberian Army Corps), numbering 28,000 rifles and 96

stood to have been General Baron Kodama's ultimatum to the Tokyo Government at this juncture—"200,000 more soldiers at once or peace"—is therefore well understandable. Japan had 200,000 more men to send, and she was prepared to send them; but the despatch of that additional force would have increased the monthly war bill immensely, led to a continuation of the struggle, and made the despatch of further reinforcements inevitable. For, as has been shown elsewhere, Russia could have gone on adding to the strength of her field forces for many months more; and as the Russian active army and its reserves total considerably more than three and a half million men, so long as the Sungari wheat-fields and the Harbin flour-mills remained in her possession she could have continued holding the numerical superiority in the field which she had at last attained.

From one point of view, therefore, the war may be said to have ended by an absolute necessity for the Japanese Army to be reorganised and expanded, if the offensive capabilities which it had hitherto

guns each. The 7th Siberian Army Corps was despatched to Manchuria, but was never in action.

(c) Army Corps expanded from Siberian "reserve" units (4th Siberian Army Corps), numbering 28,000 rifles and 64 guns.

(d) The 1st and 3rd Siberian Army Corps composed of East Siberian units, numbering 22,000 rifles and 64 guns each.

(e) The 2nd Siberian Army Corps, composed partly of East Siberian units and partly of Siberian reserve units, numbering 27,000 rifles and 80 guns.

(f) One additional Army Corps arrived at Harbin at the conclusion of peace.

With non-combatants this force totalled considerably more than a million men.

possessed were not to be replaced by merely defensive qualities. That to remain on the defensive is a serious disqualification in peace or in war, in finance or in industry, Japanese statesmen have good reason to know ; and therefore the army work which is now being carried out may be said to aim at restoring to Japan the quality which was in danger of being stripped from her arms in the autumn of 1905.

It is in the Budget of the financial year of 1907 that, after much forecasting in the Japanese press, the first steps in the strengthening of the Army have been publicly announced. It was understood at the close of the war that the supreme military authorities had accepted the principle of substituting two years' service with the colours for the three years' system then in force ; but the carrying-out of the reform was delayed until the present year, it is generally supposed, in order to obtain the maximum divisional increase before making public the increase in the potential strength of the Army which would immediately be secured by the enforcement of the two years' system. It was thus hoped to provide at once in the Budget of 1907 for what is the present ideal of the Tokyo Headquarters Staff—the army of twenty-one divisions which was predicted by the writer in a previous volume. The fact, however, that it was impossible for the Ministry of Finance to include in the first *post bellum* Budget the initial outlays necessary for the establishment of four new major units of the

Japanese system, and, further, to provide in succeeding Budgets for the continuation of this heavy increase, led to a sharp inter-departmental struggle in which the *Genro*, or Elder Statesmen, who represent the financial side of the New Japan—Count Inouye and Count Matsukata—succeeded as usual in convincing the military members—Marquis Yamagata and Marquis Oyama—that more haste would simply mean less speed. The idea of immediately obtaining four new divisions was temporarily abandoned—on the understanding that the abandonment was really only a postponement—and upon this decision being arrived at, the immediate raising of two new divisions was agreed to, as well as the additional outlays necessary to put the system of two years' service with the colours in force.

As the four new divisions established during the war—Nos. 13 to 16—had only been raised as an extraordinary measure, it was necessary to include in the Budget large sums involving a recurring expenditure spread over a term of years, in order to place them on the same permanent footing as the other corps. Thus the work completed, or sanctioned, in the Budget of 1907 raised the strength of the Japanese Army at once to nineteen divisions and reduced the period of service with the colours to two years. The reduction of the period of active service permits a very much larger number of men to be trained and passed into the reserves than has been the case heretofore, and is indeed roughly

equivalent to an increase of thirty-three per cent. in the potential strength of the Army. When it is added that this increase must be calculated, not on the old number of divisions—thirteen—but on the new number of divisions—nineteen—it is clear that as a striking force in years to come the strength of the Japanese Army will have been more than doubled. For six new divisions represent a forty-six per cent. increase on the army of 1904—making what was 100 equivalent to 146; a thirty-six per cent. increase on this is equal to 48; therefore what was a hundred will be 194, *i.e.*, a ninety-four per cent. increase.

All, however, does not end here. For although it is extremely difficult to obtain absolute information in matters habitually shrouded in silence, two facts have been allowed to transpire in the Japanese press—first, that during the present year a thousand more men are to be enlisted in each division, making a total of 19,000 more men passed through the colours annually; and second, that the military authorities will adopt, if not immediately at least at no distant date, a three-brigade organisation for each division in place of the present two-brigade system which was found inconvenient in actual warfare. It is alleged that as the tactical distribution of troops on a modern battlefield necessitates the division of the major unit into three lines—the firing line, the supports, and the reserves—it would simplify matters if the divisional organisation were specially drawn up to meet this

need. Should this statement prove substantially correct, the Japanese division will be greatly increased alike in numbers, effectiveness and organisation, and will indeed be comparable, under full expansion to war footing, to the European Army Corps. For as the number of fully-trained reserves is in process of becoming immensely increased, the mobilised Japanese division, instead of being composed—when expanded to its uttermost limits, as was the case at the battle of Moukden—of nearly forty thousand men (including the supplementary Kobi brigade), may on the first mobilisation attain to 30,000 men and, when brought up to maximum strength, to 60,000 effectives or more. It is possibly this contingency which led to such an animated discussion in Japanese Army circles as to whether the time has not come for the division to be replaced by the *Gundan* (or Army Corps) as the major unit; and it may be that it is the desire of the General Staff to postpone the adoption of this new nomenclature until the strength of each Japanese division is so great that it will be necessary, not to group pairs of divisions to form the new major unit, but simply to rename the divisions *Gundan*. Nor is it unlikely that the German precedent of twelve years ago, which added a fourth battalion to each three-battalion infantry regiment, will be followed. In the German case, it will be remembered, the additional fourth battalion was only sanctioned in order to have each regiment divided in a very short time into two regiments.

In Japan any new scheme designed to permit the general mobilisation of the great masses of trained reserves would be easy to carry out. It is understood that of the conscript class of 1907 more than 250,000 of the 500,000 youths actually available have now been enlisted; and that of these probably 120,000 were enrolled in the Active Army and 130,000 in the Conscript Reserve. There seems no reason to doubt, therefore, that by the year 1915, apart from the further expansion in divisional corps which the authorities still desire, the number of trained men under the age of forty will be approximately as follows :—

A.—Active Army. (Calculation based on 19 divisions, enlisting annually 120,000 young men)	275,000
B.—First Reserve (4½ years of service)	500,000
C.—Reserve Army or Second Reserve (10 years' service by Imperial Ordinance of September, 1904). (1) Two classes of new system. (2) Eight classes of old system ... ..(say)	600,000
D.—Trained Conscripts. (The two amalgamated First and Second Terms liable for service for twelve years.) Minimum estimate	800,000 200,000
E.—Trained men of the National Army... ..	
Total Trained Men	<u>2,375,000</u>

The lowest estimate, therefore, which can be made of the war-strength of the Japanese Army, as soon as the full effects of the new two years' term of service with the colours and the expansion to nineteen divisions are felt, is upwards of two million men; and there is reason to believe that, if necessary, even this great total could be largely exceeded. For it would appear that already the training of those supplementary classes of recruits included in the Conscript Reserve, which, owing to

financial and other considerations was indifferently carried out in the period before the war and provided only a small handful of men, is now being attended to with the greatest thoroughness, and that immense masses of these men, who have had five months' training, could be sent to the front after being embodied and kept only a few months in barracks. The first mobilisation of the reorganised Japanese Army will therefore give upwards of a million men ; and by expanding the units in the field to their maximum it would not be hard to raise the grand total quickly to two million men and to make good all losses. In this connection it is interesting to note that the total number of men, including non-combatants of the transport and coolie corps, carried back to Japan by the army transports at the conclusion of the recent war was approximately 1,100,000 ; and that, therefore, with over 100,000 men in the home hospitals and 300,000 in barracks, the grand total on the military rolls at the end of 1905 must have approached one and a half million.

Apart from the expansion which has already been outlined, the fact must be carefully borne in mind that the lessons of the late war are not being forgotten for a minute by the military authorities. The Japanese weakness in the mounted arm ; the insufficiency of both heavy and mobile artillery ; the ineffectiveness of the Meiji rifle at all but the closest ranges because of its minute bore ; the smallness of scientific and special forces, such as the telegraph and telephone corps and the railway corps ; the

limited capacity of the arsenals and explosive factories; the inadequacy of the military store-houses and clothing factories—to all these various defects the closest attention is being paid, and a comprehensive scheme has been drawn up, designed to do away with all the weaknesses which the war disclosed to foreign experts.

All such reforms and “betterments” under the Japanese system, however, are no more than departmental details; and if the Budget contains large amounts under such ambiguous headings as “Restoration of Armaments” and “Post Bellum Adjustments” it is doubtless to alleviate foreign anxiety. No details are given—in spite of the passing of the Army estimates for 1907 *en bloc*—regarding the organisation of the new cavalry and heavy artillery on which so much stress has been laid by Japanese experts in the vernacular press. It is true that large numbers of stud-farms have been established and that the purchase of picked stallions in Europe for breeding purposes has already been completed. But whether it is safe to infer that the forecast made in 1906 was substantially correct—it was then stated that the Japanese cavalry was gradually to be raised to eight divisions, having a mobilised strength of 50,000 sabres—the foreign inquirer may not learn. Neither is it possible to know how much credence is to be placed on the preliminary reports furnished to the public in 1906 to the effect that the complete reorganisation of the Japanese Artillery was to be accompanied by a

notable expansion. Whether or not the policy of converting the divisional artillery into mobile horse-artillery and of providing a complete regiment armed with quick-firing guns for each division is to be adhered to cannot yet be said; nor can a definite statement be made regarding the corps of heavy artillery. It was proposed immediately after the war to raise gradually ten independent brigades of heavy artillery which would represent a force of some 300 guns, but Budget difficulties have probably delayed the execution of this project. In this connection it is interesting to note that a high Japanese officer recently said that even with the expansions contemplated the ideal Japanese army was still a long way off. It would require many years' work before that ideal could be reached; but when it was attained, every male Japanese would be either a trained soldier or a trained sailor.

II.—The Japanese Navy.

Whilst there must be, as has been shown, certain elements of doubt in estimating at this date the probable increase in offensive power of the Japanese Army, in the matter of the Navy no such uncertainty exists. By the year 1908, in the tonnage displacement of effective vessels and in gun-power the Japanese Navy will be at least three times as strong as it was in February, 1904; and in addition ample provision has been made in the Budget of 1907 for

a recurring naval expenditure, on the German plan, designed methodically to add first-class vessels of enormous displacement and gun-power to the fighting line. That this expenditure is unnecessary as a defensive measure is quite certain; for Japan may not yet claim, and may indeed for many reasons never be able to claim, that her Navy proclaims the Eastern equivalent of a *pax Britannica*. Her geographical position, her history, her national development and national characteristics make that impossible; and accordingly this offensive increase in her naval strength causes acute uneasiness to the serious students of Far Eastern politics.

In February, 1904, the naval forces of Japan were as shown in the table on p. 488.

From this tabular statement it will be clear that the Japanese Navy of the Russo-Japanese War although homogeneous, modern, and effective, was small and only the navy of a second-class maritime Power. Further, in Far Eastern waters it was confronted at the very outbreak of the struggle by Russian squadrons of approximately equal strength; from a defensive point of view it was, therefore, an insufficient navy and would have been proved so had Russian seamen been efficient. The victory of the Japanese Navy first over the Russian Far Eastern squadrons and then over the Baltic fleet may be said to have demonstrated Russian naval inefficiency rather than the magnificent seamanship which has been too readily attributed to the Japanese. The exact composition of the Russian Far Eastern

NAVAL FORCES OF JAPAN IN 1904.

Name and Classification.	Displacement.	I. H. P.	Measured mile speed.	Gun protection.	Armament.
BATTLESHIPS.	Tons.		Knots.	Inches.	
<i>First Class.</i>					
Fuji	12,450	14,100	18'5	14	4 12-in., 10 6-in., and 24 smaller guns.
Yoshima	12,330	14,000	19'2	14	Ditto. ditto.
Shikishima	14,850	15,000	19'0	14	4 12-in., 14 6-in., and 32 smaller guns.
Asahi	15,200	16,000	18'3	14	Ditto. ditto.
Hatsuse	14,967	15,200	19'1	14	Ditto. ditto.
Mikasa	14,500	16,525	18'5	14	Ditto. ditto.
<i>Second Class.</i>					
Chinyen	7,220	—	14'2	14	4 12-in., 4 6-in., and 10 smaller guns.
COAST DEFENCE VESSELS.					
Fuso	3,717	2,162	17'6	8	4 9-in., 4 6-in., and 15 smaller guns.
Hei-yen	2,067	2,400	17'2	8	1 10'2-in., 2 5'9-in., and 8 smaller guns.
CRUISERS.					
<i>First Class.</i>					
Asama	9,700	20,550	22'09	6	4 8-in., 14 6-in., and 19 smaller guns.
Tokiwa	9,700	20,550	22'73	6	Ditto. ditto.
Adzuma	9,435	17,000	21'00	6	4 8-in., 12 6-in., and 20 smaller guns.
Yakumo	9,850	17,195	21'00	7	Ditto. ditto.
Idzumo	9,750	17,500	22'04	6	4 8-in., 14 6-in., and 20 smaller guns.
Iwate	9,750	17,500	21'75	6	Ditto. ditto.
<i>Second Class.</i>					
Naniwa	3,727	7,120	18'7	2	8 6-in., and 16 smaller guns.
Takachiho	3,727	7,120	18'7	2	2 10'2-in., 6 5'9-in., and 16 smaller guns.
Itsukushima	4,210	5,400	16'0	12	1 12'6-in., 11 4'7-in., and 19 smaller guns.
Matsushima	4,210	5,400	16'0	12	1 12'6-in., 12 4'7-in., and 16 smaller guns.
Hashidate	4,210	5,400	16'0	12	1 12'6-in., 11 4'7-in., and 19 smaller guns.
Akitsushima	3,100	8,516	19'0	—	4 6-in., 6 4'7-in., and 12 smaller guns.
Yoshino	4,180	15,750	22'5	4	4 6-in., 8 4'7-in., and 22 smaller guns.
Takasago	4,180	15,500	22'5	4½	2 8-in., 10 4'7-in., and 18 smaller guns.
Kasagi	4,784	15,500	22'7	—	Ditto. ditto.
Chitose	4,898	15,319	22'7	—	Ditto. ditto.
Nitaka	3,365	9,400	20'0	—	6 6-in., and 14 smaller guns.
Tsushima	3,365	9,400	20'0	—	Ditto. ditto.

In addition to the above, there were 13 third-class cruisers of 1,250-2,920 tons displacement, 14 gunboats, 19 destroyers, 49 first-class and 29 second-class torpedo boats.

Shortly before the outbreak of war, Japan purchased at Genoa from the Argentine Government two vessels named *Bernadino Rivadavia* and *Mariano Moreno*, renaming them *Kasuga* and *Nisshin*. These were sister ships, armoured cruisers of 7,750 tons displacement, and 20 knots speed; the former had one 10-in. gun, two 8-in. and fourteen 6-in. guns; and the latter four 8-in. and fourteen 6-in. guns. They reached Yokosuka, near Yokohama on the 16th February, 1904.

squadrons at the time of the outbreak of the late war was as follows :—

THE NAVAL FORCES OF RUSSIA IN THE FAR EAST.

Name and Classification.	Displacement.	I. H. P.	Measured mile speed.	Gun protection.	Armament.
	Tons.		Knots.	Inches.	
BATTLESHIPS.					
<i>First Class.</i>					
Sevastopol ¹ ...	10,960	10,600	17.5	14	4 12-in., 12 6-in., and 38 smaller guns.
Pennopaylovsk ¹ ...	10,960	11,213	16.8	14	Ditto. ditto.
Poltava ¹ ...	10,960	11,255	16.3	14	Ditto. ditto.
Peresviet ¹ ...	12,674	14,533	18.5	9	4 10-in., 11 6-in., 20 3-in., and 24 smaller guns.
Pobieda ¹ ...	12,674	14,500	18.0	9	Ditto. ditto.
Retvizan ¹ ...	12,700	17,000	18.0	10	4 12-in., 12 6-in., 20 3-in., and 28 smaller guns.
Tzarevitch ¹ ...	12,900	16,000	18.0	11	Ditto. ditto.
CRUISERS.					
<i>First Class.</i>					
Rurik ² ...	10,933	13,250	18.7	3½	4 8-in., 16 6-in., 6 4.7-in., and 18 smaller guns.
Rossia ² ...	12,200	17,000	20.2	3	4 8-in., 16 6-in., 12 3-in., and 38 smaller guns.
Gromoboi ² ...	12,364	15,496	20.0	5	4 8-in., 16 6-in., 24 3-in., and 8 smaller guns.
Bayan ¹ ...	7,800	16,500	21.0	6.7	2 8-in., 6 6-in., 20 3-in., and 7 smaller guns.
Diana ¹ ...	6,630	11,610	20.0	—	8 6-in., 24 3-in., and 10 smaller guns.
Pallada ¹ ...	6,630	11,610	20.0	—	Ditto. ditto.
Vauia ³ ...	6,500	20,000	23.6	—	12 6-in., 12 3-in., and 10 smaller guns.
Bogatir ² ...	6,720	20,000	23.0	5	12 6-in., 12 3-in., and 9 smaller guns.
Askold ¹ ...	6,000	29,000	23.0	—	12 6-in., 12 3-in., and 12 smaller guns.
<i>Second Class.</i>					
Novik ¹ ...	3,000	17,000	25.0	—	6 4.7-in., and 9 smaller guns.
Boyarin ¹ ...	3,000	12,500	23.0	—	6 4.7-in., and 14 smaller guns.

In addition to the above, there were 4 gunboats, 6 sloops, 25 destroyers, and some 14 first-class torpedo boats, divided between Port Arthur and Vladivostok.

¹ At Port Arthur.

² At Vladivostok.

³ At Chemulpo.

From the most superficial comparison of these two tables it is apparent that at the moment before the war Japan must have experienced keen regret

that her narrow imagination had prevented her from foreseeing that the margin of strength which she possessed was wholly insufficient. That she should now wish to go from one extreme to the other is therefore understandable; yet the fact that Russia as a potential naval enemy has disappeared for at least fifteen years, makes it seem equally clear that one of two things is feared in Tokyo—(a) that the termination of the Anglo-Japanese Alliance in 1915 will see another coalition prepared to act as in 1895 in Far Eastern waters, or (b) that the disappearance of the Russian flag from the Pacific Ocean will be followed by the appearance of another naval flag floating over so many modern warships that the overwhelming supremacy which Japan now possesses in Far Eastern waters will be threatened if not nullified: in other words, that the American flag will now appear everywhere, and that American battleships and armoured cruisers of the most powerful type will be prepared to contest the mastery of the Pacific. It is therefore rather with the view of anticipating these two possibilities—the termination of the British Alliance and the rise of another naval Power, far more redoubtable than Russia—than with the view of forestalling Russia in the Far East that the present Japanese naval programme is being drawn up. For behind this programme is seen the spectre of the fears which secretly haunted Japan while she wrestled with Port Arthur, and, later, watched the slow oncoming of that doomed fleet of the Baltic. The Japanese Government is prepared

to tax the Japanese nation to death sooner than be exposed again to the naval strain of the fifteen months which began on the 8th of February, 1904, and ended only on the 1st of May, 1905.

In such circumstances the progress which the Japanese Navy has achieved two years after the signature of the Portsmouth Treaty is worthy of careful note. Both in the category of battleships and in that of heavily-armoured cruisers capable of steaming in the same battle-line, there has been remarkable advance. With the completion and delivery of two new British-built battleships, the *Katori* and the *Kashima*, which were ordered during the war, the original Japanese fleet has been much strengthened. The *Katori* is a powerful vessel displacing 15,950 tons; the *Kashima* is even more powerful, having a displacement of 16,400 tons. Both ships carry four 12-inch guns in pairs in barbettes, four 10-inch guns singly in barbettes, and twelve 6-inch guns, of which ten are in a citadel. Their complements are understood to be just under 1000 men each, and therefore they represented the last word in naval construction until England proclaimed the message of the *Dreadnoughts*. And now, before that message has been more than half-digested by the Powers of the Continent, Japan has two *Dreadnoughts* launched and rapidly completing. It is perhaps one of the most eloquent commentaries on modern Japan that the first two battleships to be designed and built in Japanese yards should be the two biggest vessels in the world. The

Satsuma and the *Aki* are sister ships displacing 19,200 tons and are each armed with four 12-inch guns and ten 10-inch guns—the auxiliary or secondary armament hitherto supplied being entirely omitted, after the example of the *Dreadnought*. This kind of armament was proved in the late war to be virtually useless for fighting purposes; and its chief object being now limited to repelling torpedo attacks, quick firing guns of the 120-millimètre type (4·7 guns) have been substituted in these latest Japanese ships. Compared with the *Dreadnought* class the new type of Japanese battleship is held by some experts to be the more powerful. The *Satsuma* and the *Aki* displace 19,200 tons against the 18,000 tons of the *Dreadnought*; and although the British class carry ten 12-inch guns as opposed to the four 12-inch and ten 10-inch of the Japanese type, the weight of metal capable of being flung per minute is theoretically in favour of the Japanese. And likewise although the first *Dreadnought* is turbine-engined and has a speed of 21 knots, the *Satsuma* and the *Aki* are so powerfully screw-driven that their speed should be but half a knot less.

From every point of view, then, these two vessels mark a most noticeable development in the history of the Japanese Navy. In the two years since the war Japan has added four splendid battleships, possessing in the aggregate sixteen 12-inch guns and twenty-eight 10-inch guns. These additions represent a far greater strength in big-gun power

than was possessed by the entire Japanese fleet at the outbreak of the struggle with Russia.

But still more remarkable does the increase become when it is fully understood what important additions have been made to the Japanese Navy by captures. During the late war Japan lost two first-class battleships—the *Shikishima* and the *Hatsuse*—through contact mines; but she gained five first-class Russian battleships and three battleships of the coast defence type. These vessels are the *Iwami* (late *Orel*); the *Sagami* (late *Peresviet*); the *Suo* (late *Pobieda*); the *Hizen* (late *Retvisan*); and the *Tango* (late *Poltava*)—vessels ranging in displacement from the 13,500 tons of the *Iwami* to the 11,000 tons of the *Tango*. The three coast defence vessels are the *Iki* (late *Imperator Nicolai I.*); the *Okinoshima* (late *General Admiral Apraksin*); and the *Minoshima* (late *Admiral Seniaovino*). Thus the net gain in battleships through captures, followed as it is by a complete re-arming of the salved vessels, will alone give a potential strength in big guns almost equal to that possessed by the original Japanese battle-fleet in February 1904.

Again, by the end of the present year four new powerful armoured cruisers will have been placed on the active lists of the Japanese Navy. All of them will be the product of Japanese yards—much of the finished material being imported, it is true, as in the case of the new battleships, but the actual construction work being entirely Japanese. These vessels are the *Tsukuba* and *Ikoma*, each of

13,750 tons displacement, and the *Kurama* and *Ibuki*, each displacing 14,600 tons. The armament of these ships is most powerful and makes them the equals, if not the superiors, of the older classes of first-class battleships; they are designed to carry four 12-inch guns, have a continuous belt of the heaviest armour, and will be able to steam $22\frac{1}{2}$ knots. In addition, there are the three important captured Russian cruisers, the *Pallada*, the *Varyag*, and the *Bayan*. The first two, re-named respectively the *Tsugaru* and the *Soya*, are only swift protected cruisers of some 6,500 tons displacement; but the *Bayan*, re-named the *Aso*, is an armoured cruiser of approximately the same displacement as the *Nisshin* and the *Kasuga*, and will undoubtedly be as able to take its place in the battle-line. It may be said, then, that by 1908 Japan will have thirteen battleships of modern construction and the same number of first-class armoured cruisers; and that the two additional captured Russian cruisers of the "protected" class, together with the smaller cruiser *Novik* which has been salved, and a sister ship, the *Boyarin*, raise the number of her protected cruisers (which vary in displacement from 2,800 to 6,500 tons) to no less than eighteen vessels.

In torpedo-boat construction, also, there has been the same activity. At the outbreak of war Japan had approximately nineteen destroyers, forty-nine first-class and twenty-nine second-class torpedo boats. During and since the war upwards of thirty large modern destroyers have been completed, and

a number of additional vessels laid down. Complete returns are not yet available showing what the total number of projected torpedo-craft is to be; but as the Japanese profess some fascination for torpedo-work and share the French belief in the usefulness of this class of craft, very powerful and modern Japanese torpedo-boat flotillas must certainly be looked for.

In submarines Japan's policy is not yet definitely settled. During the war she purchased in sections some half-dozen American submarines which were put together by American experts at the Yokosuka naval station (near Yokohama) and much experimented with, although never actually used in warfare. It has been stated that the Japanese naval advisers are not satisfied with the reliability of these craft and that a new-type Japanese craft, founded on new ideas, is to be introduced for service in the Japanese Navy. Whether this is accurate or not, it is impossible yet to say.

The other sources of weakness which were brought to light during the war are now also in process of being rectified. As has already been stated, in the construction of new vessels Japan has had to rely on foreign countries for such important items as armour plating, big guns, and certain machinery. At the Naval Station of Kure a complete modern steel plant has now been erected, which will soon be in a position to manufacture plates of every specification; while the big-gun factories have been expanded and improved and a

vast amount of machinery purchased and installed. An impetus has also been given to Japanese private establishments in the making of all those many necessities not carefully covered by patents, which have hitherto been imported. Soon from keel to wireless telegraph installation Japanese warships will represent the pure product of Japanese genius.

Similarly steps have been taken to remedy the disadvantage of having to go abroad for high explosives. Lyddite—which is only another name for *Shimose*—is to be manufactured in Japan by an English group with which the name of Messrs. Armstrong and Co. is believed to be closely associated. It is said that an agreement running for fifteen years has been signed, which gives the concessionnaires the sole right to manufacture high explosives for the Army and Navy Departments in Japan. Operations are to be conducted on a very large scale and several millions sterling are to be sunk in the enterprise. In short, immense progress has been made by Japan in every department of naval matters; and with the fleet and dockyard resources which she now possesses, or is in process of acquiring, she must be held to be in a very different position from that which she occupied in the year 1904. But the matter does not end here. For this fleet of Japan's—which in round numbers is now composed of thirteen excellent battleships, thirteen excellent armoured cruisers, eighteen protected cruisers, fifty destroyers, and one hundred

torpedo craft—is not to be allowed to remain where it is even for the shortest interval. The estimates of the fiscal year of 1907 make that clear. The sum of Yen 75,000,000, or more than seven and a half millions sterling, has been obediently voted by the Diet for new construction spread over a term of years. It is now announced that two battleships of 22,000 tons are to be laid down shortly, as well as two armoured cruisers of no less than 18,000 tons displacement. These latter vessels will be notable improvements on that wonder of modern naval architecture, the British *Invincible* class; while the battleships will displace four thousand tons more than the *Dreadnought* class and are to carry sixteen 12-inch guns. The armament of the new armoured cruisers will reduce to a minimum the difference between battleships so-called and the faster and more lightly-protected craft; for it has been stated, with what truth cannot yet be learned, that the Japanese *Invincibles* are to be armed with four 12-inch guns and sixteen 10-inch guns, thus giving them a remarkable gun-fire superiority even over such modern battleships as the *Katori* and the *Kashima*, which were laid down only a couple of years ago. Thus the six new battleships and the six new cruisers which Japan will have added by 1910 to the fleet which defeated Rojdestvensky in such a signal manner in the Tsushima Straits will mean that her naval strength will be so overwhelming that not even the entire American fleet—until the completion of the Panama Canal—could risk a decisive struggle.

It must be confessed, however, that great modesty is being shown by Japan, ostensibly for reasons of economy, in the patrolling of the Eastern Seas. The entire Japanese armoured fleet is in fact a Home Squadron which never cruises beyond territorial waters except on rare occasions. Along the China coasts the Japanese flag is seen only on second-class protected cruisers; and although the German Emperor has suggested that a Japanese Admiral may at the least-expected moment appear with a squadron in an European *mare clausum* such as the Mediterranean, and demand a hearing, that day seems far off, since it is contrary to all Japanese principles to make those spectacular displays which would seem to be rated by some Europeans the equivalent of warlike ability. Indeed so retiring has been this rapidly-increasing Japanese Navy, so confined to its land-locked seas and harbours, that Count Okuma in a speech full of point and erudition which has caused a movement of surprise in many quarters, has laid stress on the fact that this singular inactivity in times of peace is solely responsible for the ill-success of Japanese diplomacy in such affairs as the San Francisco difficulty. Count Okuma—probably with a recollection of the abortive attempts he himself made during his last tenure of office to influence Hawaiian destinies with a couple of small cruisers—pointed out that had the activities of the Japanese fleet been more extensive, and had two or three modern vessels been accustomed to cruise up and down the Pacific sea-

board of the United States, a fuller appreciation of modern Japan would have been spread abroad, especially among all classes of American citizens. He added that, assuming the dictum to be correct that trade follows the flag, Japanese warships should plough more distant seas and be seen in the Indian Ocean, off the Siamese Coasts, and even farther afield.

Cool and cautious, however, the Japanese Government makes no sign. It has a set programme which must be completed within ten years from the conclusion of the Portsmouth Treaty; and until that programme is completed, nothing will be ventured. The British Insurance Policy must soon lapse, unless indeed it is renewed—how far does that possibility affect the cautious builders of the new Japanese Navy? Step by step progress has been made with painful, bloodless, mechanical precision; how far will that progress proceed? It is clear that although not so much exception need be taken to the great increase which has taken place in the Japanese Army, with the Japanese Navy the case is different. It is too strong—about that there can be no doubt. The old enemy, Russia, is now merely a land Power in the Far East, as she is in the Far West; on water she can effect nothing. Such a navy as Japan has created has behind it some deliberate purpose which cannot yet be guessed.

CHAPTER VI

GREATER JAPAN

THE preceding five chapters pave the way to some remarks on Greater Japan, the possible Japan of to-morrow, which is only as unlikely to arise as would the British Empire of to-day have appeared to people living in the eighteenth century. The creation of this Greater Japan must differ essentially, however, from the growth of England's overseas possessions. It will be created, if at all, by the cautious step-by-step process so dear to the bureaucracy—each definite forward movement being firmly cemented before a further advance is made. In all probability, unless extraordinary complications which cannot now be foreseen arise with America, nothing will be heard of this Greater Japan¹ (except in the

¹ In the opinion of the writer, too much importance has been generally laid by European publicists on Japanese activity in North and South America. This activity has been mainly for the purpose of increasing Japan's invisible exports—*i.e.* her exports of men who remit back large sums of money and thereby relieve the internal situation at home. This contention is clearly proved by the fact that Japanese emigrants go with the greatest unwillingness to Latin America, where their earnings are smaller although their treatment is far better than in the America of the Anglo-Saxon. Japan's real colonial field is held to be in the island-groups of Eastern Asia and on the mainland washed by the waters of the Yellow Sea.

Korean-Manchurian zone) until the year 1915 has drawn very near, for the simple reason that to complete the financial, naval, military, industrial, and commercial re-organisation in Japan which is essential to another forward movement, at least six or seven years more must elapse. By that time the people of Japan should be accustomed to a permanent Budget of fifty or sixty millions sterling a year; her international commerce should have risen from the £80,000,000 (the figure during the Russo-Japanese War) to possibly some £150,000,000 or even £200,000,000 per annum; the new army system should be working smoothly, and a potential striking force of from two to three million men should thus be available; the navy of sixteen battle-ships and twenty armoured cruisers should be quite complete; in a word, by that time Japan, the only really efficient country in Asia, may aspire, and quite rightly, to the hegemony of the East.¹ Were the writer a Japanese he might

¹ There is to-day a curious and ominous little sign in North-Eastern Korea. During the war a great deal of light railway material was landed at Gensan, and carried by small steamers to the northern port of Songching. It now transpires that a light military railway has been constructed from a town whose Chinese characters transliterate as Chinch'eng to a village bearing the name of Huailin on the Tumen river. This river, it will be recalled, marks the Chinese-Russian frontier. The total length of the railway is given as 112 miles, and it is exactly 230 Chinese *li*, or 75 miles, by road from its terminal point, Huailin, to the Chinese town of Hungchun on the Kirin-Primorsk frontier. It is stated that a commercial concession, the Tumen River Lumber Concession now being "arranged" in Seoul, will give the railway a public reason for existing; but from a strategic point of view its completion will always mean that it will be possible for Japanese soldiers to pass into either Chinese or Russian soil with the utmost secrecy at a few hours' notice.

dream, as millions of Japanese now do dream, of the ultimate conquest, not only of all the great island groups fringing the Asiatic seaboard, but also of China and the Beyond. For no matter how much the European writer may wish to defend his own point of view, he cannot deny that the creation of a Greater Japan which shall embrace millions of square miles of territory and tens of millions of people, is as legitimate as was the conquest of India, Burma, Cochin-China, Java, Sumatra, and the Philippines, by various nations of white men. The supremacy which Europe attained over Asia in the nineteenth century has no elements of permanency ; for the weight of numbers is increasingly in favour of Asia, and Europe's hope can ultimately lie only in Russia and North America. A thousand million Asiatics, who are now increasing more and more rapidly, form a force which is not yet appreciated in the slightest ; and only the most cunning diplomacy and the possession of the world's great stores of gold, backed by the fear of that cold and deathless onslaught which the white man alone knows how to deliver, can maintain in Asia during the twentieth century the conditions of the nineteenth. It may seem absurd to think in continents, when one's only basis is an island group slightly greater in area than the British Isles ; yet after all it was a mere handful of Englishmen who founded the British Empire of to-day.

The activity of Japan outside that zone which is now tacitly acknowledged to be within her grasp is,

of course, for the time being confined to limits which can be easily demarcated. That activity, in fact, consists in nothing else than encouraging an overspill of population into all adjacent lands, in fostering in every possible way the growth of Japanese interests, and in assisting by indirect methods the spread amongst Far Eastern Asiatics of one leading idea. This idea is that the present period is merely one of transition, during which it will be necessary to restrict all development-work, of no matter what sort, which is inspired, promoted, aided, or abetted by Europeans; because such development-work, if permitted, will allow alien nationalities to increase their interests in such a country as China, and therefore *pari passu* to increase the difficulties which will eventually have to be overcome by a Power which aims at substituting in the future its own culture, its own interests, and its own system. This important idea is spread by word of mouth, by the vernacular press (a large portion of which is inspired if not controlled from Japanese sources), and by the enormous and growing traffic in books printed in Japan; and a wealth of facts and opinions illustrative of this principle of restriction is thus scattered broadcast among peoples who cannot be so easily protected from casuistry as can the populations of more enlightened lands. This curious campaign of education or preparation has from many points of view already been an unfortunate one, and especially because it naturally hinders sound progress. It is actively proceeding all over China—

indeed all over the Far East—and has gained immensely in organisation and intensity during the short period since the war. Yet at the same time, there is no disguising the fact that it causes no corresponding increase in affection for Japan among the Chinese. The reverse is rather the case; and, as a matter of fact, Japan, while she is responsible for the preaching of this new gospel, is all the while attempting to increase her own hold everywhere, and gradually to lay the foundations of future empire, regardless of the susceptibilities of other Asiatics. Nowhere is this clearer than in Korea and Southern Manchuria. In both regions Japan is relentlessly pursuing a definite policy, of which, in spite of the fact that its basic principles are supposed to be the "open door" and "equal opportunity for all," the only concrete results are a disheartening decline in European and American interests, and a sensational advance in Japanese influence, commerce, and industry, which is out of all proportion to that which might be normally expected.¹ That such re-

¹ As small illustrations of this, some facts and figures can already be given. In Korea, British shipping had sunk in 1906 to 41,000 tons, and British trade to Yen 48,000—say, £5,000 sterling. In Southern Manchuria not only has Japan all the railways east of the Liao river, but she has all the mines, and is actually introducing Japanese police into many of the towns. The manufacture of salt, which is a Chinese Government monopoly, has been begun on an enormous scale in the Japanese leased territory, and the salt which is thus produced is being forced all over Manchuria in spite of Chinese protests. The Yalu lumber industry has become entirely Japanese—and this only three and a half years after Japan denounced to the world Russia's behaviour in the same sphere. Japanese fishing-companies are invading all the territorial waters of Manchuria and driving Chinese fishermen away. All the land lying round every trade-centre in both Korea and South-



A GARDEN PARTY AT THE RESIDENCY-GENERAL IN SEOUL.
The Marquis Ito stands immediately beside General Hasogawa the Commander-in-Chief
of the Japanese army of occupation.



A KOREAN GENTLEMAN'S METHOD OF TRAVELLING.

sults can be attained is small wonder when the instruments used are examined. In this connection it is interesting to take the question of mining in Korea as a concrete example of how things are managed.

Enough has been said about Korea elsewhere to make it unnecessary to show here that the country is rapidly passing into Japanese hands—contrary to the whole spirit of Japan's international obligations—and that a province of Japan is being formed on the mainland of Asia as a first result of a liberating war. As Japan's ally has given tacit sanction to all this work, and as the United States—the last remaining bulwark against the absorption of Korea by Japan—did not see fit in 1905 to keep the question open, as it could have been kept open, it does not lie within the province of the political student to dwell further on the general question.¹ But when a specific question, such as mining in

ern Manchuria is forcibly bought by Japan at absurd figures. At Antung, in Manchuria, and at Pingyang and Seoul in Korea, enormous tracts were acquired "for military purposes" only to be turned over to exploitation companies.

¹ In a chapter in a previous volume—*The Truce in the East and its Aftermath*—the author ventured to quote, when speaking of America's new responsibilities in Eastern Asia, the following, which is the first Article in the first Treaty the United States signed with Korea. It has to-day a peculiar ring. "There shall be perpetual peace and friendship between the President of the United States and the King of Chosen (Korea) and the citizens and subjects of their respective Governments. If other Powers deal unjustly or oppressively with either Government the other will exert their good offices, on being informed of the case, to bring about an amicable arrangement, thus showing their friendly feeling." It is small wonder that China should be acting as she is and becoming more and more nervous about the value of foreign treaties, when she sees what is happening in Korea.

Korea, is treated as it has been treated by Japan, something may be said. Here are the new Korean Mining Regulations :—

THE KOREAN MINING LAW.

(Sanctioned on June 29, 1906, and promulgated on July 12, 1906.)

(Translated at H.I.J.M.'s Residency General in Korea.)

ARTICLE 1.—The term mining shall be construed to mean the extraction of minerals and all work incidental thereto. The kinds of minerals shall be specified by Ordinance.

ARTICLE 2.—Minerals not extracted, mineral refuse and slag shall be the property of the State.

ARTICLE 3.—Any person desiring to engage in mining operations shall apply for permission to the Minister of Agriculture, Commerce, and Industry, submitting a written application accurately specifying the kinds of minerals for which he intends to mine, together with a plan of the intended mining claim.

Applicants for mining rights shall prove the existence in the claims applied for of the minerals for which they intend to mine.

ARTICLE 4.—The boundaries of mining claims shall be limited by straight surface lines extending vertically downward. Their area in the case of coal shall not be less than fifty thousand tsubo, and in the case of other minerals not less than five thousand tsubo; and in neither case shall it exceed a million tsubo. The latter limit may, however, be exceeded in case it is absolutely necessary for the protection of public mining interests or for the amalgamation or division of mining claims.

ARTICLE 5.—No land within three hundred ken of an Imperial Palace or Imperial detached palace, or within the "Fasun" (wooded precinct) of an Imperial grave or of a Crown Prince's or Crown Princess's grave shall be turned into a mining claim. No person shall make use of such

land in connection with mining operations, unless with the permission of the proper Government Office concerned.

No land within three hundred ken of any fortress or fortification, naval port, powder magazine or ammunition store belonging to the Army or Navy, or of any Government Office, shall be turned into a mining claim or used for mining purposes, unless with the permission of the Government Office concerned.

ARTICLE 6.—Within a distance of fifty ken in all directions, whether above or beneath the surface, from railroads, tramways, roads, canals, rivers, lakes, ponds, embankments, temple or shrine enclosures, public parks, graves, or buildings of any description, no person may carry on mining operations or make use of land in connection with such operations, unless with the permission of the proper Government Office concerned or with the consent of the owner of the property or of persons having an interest therein.

In case the owner of such property or persons having an interest therein refuse consent without proper reason the holder of the mining right may submit the matter to the decision of the Minister of Agriculture, Commerce and Industry.

ARTICLE 7.—The Minister of Agriculture, Commerce and Industry shall have the power to refuse permission for mining, in case he considers such a step to be necessary in the public interest or for any other reason.

ARTICLE 8.—In case there is more than one applicant for one and the same mining claim, permission shall be given according to the priority of the dates of receipt of the applications. As regards applications received on the same date, permission shall be given to the applicant whom the Minister of Agriculture, Commerce and Industry may consider to be most worthy.

ARTICLE 9.—When the holder of a mining right desires to make an amalgamation, or division, or any other modification of his mining claims, he shall obtain the permission of the Minister of Agriculture, Commerce and Industry.

In case the location or configuration of a mining claim is detrimental to public mining interests, the Minister of Agriculture, Commerce and Industry shall order the necessary alterations.

ARTICLE 10.—No mining right may be sold, assigned, or mortgaged without permission of the Minister of Agriculture, Commerce and Industry.

A mining right may be acquired by inheritance.

ARTICLE 11.—In case the holder of a mining right does not carry on operations properly, or when his method of work is considered to involve danger or to be injurious to public interests, the Minister of Agriculture, Commerce and Industry shall order the required improvement or precautionary measures or the suspension of operations.

ARTICLE 12.—The Minister of Agriculture, Commerce and Industry may revoke the permission to carry on mining operations in the following cases :

A. When it is discovered that the permission was obtained by fraudulent means or granted by mistake.

B. When work has been stopped for one year or upwards without adequate reason, or when work has not been commenced within one year from the date when permission was obtained.

C. When the order mentioned in the second clause of Article 9, or that mentioned in Article 11, has not been obeyed.

D. When the mining operations are considered to be injurious to public interests.

E. When the land to be used for mining operations has been utilised for some other purpose.

F. When the royalty or ground tax has not been paid within the specified period.

G. When the holder of a mining right mentioned in the third clause of Article 25 has not paid the contributions within the specified period.

H. When a fine has not been paid within the specified period.

ARTICLE 13.—When permission to carry on mining operations has been revoked, or when a mining right has

lapsed, or when the working of a mine has been abandoned, such works or structures on the surface or underground, the removal of which may be deemed by the Minister of Agriculture, Commerce and Industry to be necessary for the sake of safety, shall be removed.

ARTICLE 14.—When the holders of mining rights or applicants therefor find it necessary to enter lands belonging to another person for the purpose of surveying or examining, they may apply for the approval of the Minister of Agriculture, Commerce and Industry.

The proprietor of such land, or any person having an interest therein, may not refuse the request of persons possessing the above-mentioned official approval. But in case any damage is done by such survey or examination due reparation shall be rendered by the responsible party.

ARTICLE 15.—When the holder of a mining right finds it necessary to rent land for the purpose of carrying on mining operations, he may make demand to that end to the proprietor or persons having an interest in the land. He may not, however, use such land unless he pays the rent in advance every year.

When any damage has been caused to the proprietor of the land or persons having an interest therein by the use of such land, the holder of the mining right shall make due reparation.

ARTICLE 16.—When the holder of a mining right has either the intention of using, or has actually used, such rented land for not less than three years, the proprietor thereof may demand that the holder of the mining right shall purchase the land.

In case the purchase of a portion of the land would make the remainder unfit for the purposes for which it was hitherto used, the owner may demand the purchase of the land in its entirety.

ARTICLE 17.—In case the parties concerned fail to come to an agreement concerning the renting of land, the rate of rental, the purchase of land, the price therefor, or the reparation for damages, mentioned in Article 14, Article 15,

and Article 16, the matter may be referred to the Minister of Agriculture, Commerce and Industry for decision.

The amount of the costs involved in such decision and the party responsible therefor shall be determined by the Minister of Agriculture, Commerce and Industry.

ARTICLE 18.—Persons presenting applications, petitions or reports concerning mining, shall pay fees according to the schedule determined by the Ordinance.

ARTICLE 19.—Holders of mining rights shall pay royalty and ground tax.

The amount of the royalty shall be one-hundredth of the market value of the gross output. The ground tax shall be at the rate of fifty sen per thousand tsubo per annum, any fraction of a thousand tsubo being calculated as a thousand tsubo.

For the first year after the permission to mine has been obtained, the ground tax shall be paid at one-half of the above-mentioned rate.

ARTICLE 20.—Holders of mining rights shall pay in the month of March every year the royalty for the previous year. But in case of the lapse, the sale or the assignment of mining rights, it shall be paid at once.

Holders of mining rights shall pay in December every year the ground tax for the coming year. For the first year in which permission to mine has been obtained the ground tax shall be paid at once for the number of months remaining in the year.

The ground tax already paid shall in no case be returned.

ARTICLE 21.—The Government shall not be responsible for any damage that may be caused by any measure taken by the Minister of Agriculture, Commerce and Industry by virtue of the present Law or of the Detailed Regulations for carrying it out.

ARTICLE 22.—Any person who has carried on mining operations, or who has obtained mining rights by fraud, shall be subject to a fine of not less than fifty yen and not more than a thousand yen, and any minerals which may have been extracted by him shall be confiscated.

In case the minerals have already been sold or otherwise disposed, an amount corresponding to their market value shall be recovered.

ARTICLE 23.—Persons violating the provisions of Article 5, the first clause of Article 6, and Article 13 shall be subject to a fine of not less than twenty yen and not more than five hundred yen.

ARTICLE 24.—The measures mentioned in the preceding two Articles shall be decided upon and carried out by the Minister of Agriculture, Commerce and Industry.

ARTICLE 25.—The list of the mines belonging to the Imperial Household Department shall be notified by Ordinance.

In case any mine belonging to the Imperial Household Department is worked by the said Department, the provisions of Article 12, Article 18, Article 19, and Article 20 shall not be applicable.

In the case of any person desiring to work a mine belonging to the Imperial Household Department, the stipulations of the present Law shall apply, except as regards the provisions mentioned below :

1. In the case mentioned in Article 8, permission shall be given to the party considered by the Minister of Agriculture, Commerce and Industry to be most worthy.

2. The holder of a mining right in one of the Household mines shall pay to the Imperial Household Department, through the Minister of Agriculture, Commerce and Industry, contributions corresponding in amount to those mentioned in Article 19. As to the method of payment, the provisions of Article 20 shall apply.

ARTICLE 26.—Such Ordinances as may be required for carrying out the present Law shall be determined by the Minister of Agriculture, Commerce and Industry.

ARTICLE 27.—Inasmuch as the measures to be taken under the present Law and the Detailed Regulations for carrying out the same will in many cases concern foreigners, no such measures shall be decided upon or executed without the previous consent of the Resident General. This

stipulation shall also apply with regard to the mines belonging to the Imperial Household Department.

ARTICLE 28.—Any Korean subject who is actually engaged in mining operations under permission obtained prior to the promulgation of the present Law shall make application according to the present Law within two months from the date when it comes into force.

With regard to such applications, permission may be specially given according to the progress of the work and regardless of the provisions of Article 8 of the present Law.

ARTICLE 29.—In case the Minister of Agriculture, Commerce and Industry considers that any measure taken under the provisions of the present Law causes damage to any Korean subject who was actually engaged in mining operations before the present Law was promulgated, and is still engaged in such operations, the said Minister shall order the holder of the mining right concerned to make due reparation.

ARTICLE 30.—Foreigners who have been granted mining rights and have begun operations in connection therewith before the promulgation of the present Law, and are still carrying on such operations, shall observe the provisions thereof in so far as they do not conflict with the terms of the grants made to them.

ARTICLE 31.—The present Law shall come into force on and after the fifteenth day of the ninth month of the tenth year of Kwang-mu.

ARTICLE 32.—All Laws and Ordinances conflicting with the present Law are hereby revoked.

Of these thirty-six Articles, the majority are admitted by European experts to be sound, simply because they are nothing out of the common. Thus the rentals and royalties to be paid by mine-owners are very low and moderate (and therefore suitable for Japanese), and the minor clauses are also

marked by common-sense. But every merit which the whole law might and should possess, had the rapid development of Korea been the only object in view, is rudely swept away by the offending clauses, which in some cases are both so unjust and so unreasonable that, were it not for the fact that their authenticity has been vouched for by their official promulgation and by their being already rigidly carried out, they would scarcely be believed. Thus Article 7 of the Regulations runs as follows:—“The Minister of Agriculture, Commerce and Industry shall have the power to refuse permission for mining, in case he considers such a step necessary in the public interest or for any other reason.” This is in itself sufficiently extraordinary; but it is followed by one still more curious in its general tenour (Article 8): “In case there is more than one applicant for one and the same mining claim, permission shall be given according to the priority of the dates of receipt of the applications. As regards applications received on the same date, permission shall be given to the applicant whom the Minister of Agriculture, Commerce and Industry may consider most worthy.”

It is small wonder that these two Articles, which are being strictly interpreted, should have aroused intense dissatisfaction amongst the representatives of British and American capitalists, who, ever since the conclusion of peace, have been waiting patiently for an opportunity to file mining papers. It is pointed out that the so-called Korean Minister of

Agriculture, Commerce and Industry, being simply a servant of the new *régime*, may refuse an application not only because it is against the public interest, but also for no reason whatsoever; or, if either of these weapons fail, he may so arrange matters that an application identical to one filed by a European representative is put in the same day by a non-European, when the latter is, of course, held by him to be more worthy of consideration. Indeed, the object of these two clauses is so crudely exposed that no remarks are necessary. Such doubts and suspicions would be wholly unworthy were it not for the fact that ever since the publication of this new Mining Law there have been ample proofs that the real object in view is to stop all possibility of large European mining interests being acquired in Korea. Further, there are Articles which place obstacles in the way of all amalgamation and division of mining claims, and absolutely prohibit all sales, assignments and mortgages without the express consent of the Minister of Agriculture. Finally, Article 21 states that "the Government shall not be responsible for any damage that may be caused by any measure taken by the Minister of Agriculture, Commerce and Industry by virtue of the present Law or of the Detailed Regulations for carrying it out." Thus it is clear that in addition to possessing the power of issuing mining permits, the so-called reformed Korean Government, under Japanese advice, may practically repudiate at any convenient date any concessions, on any grounds

which it may deem sufficient, and not be held responsible in any way whatsoever for any damage done. It will be understood that the result of this multiplication of disabilities is a condition of things precisely as bad as if an egotistical Russia ruled the land.

But to see what has inspired them it is necessary to go behind the mining rules. Hitherto the granting of all mining concessions in Korea has been exclusively in the hands of the Imperial Household, because all land not under cultivation and properly covered by title-deeds is held, much as it is in every other Eastern country, to be the personal property of the Emperor. Under the old *régime*, once a concession had been granted, a royalty of Mexican \$25,000 a year was paid in a lump sum (irrespective of the value or the quantity of the mineral mined), and a permit was thereupon issued. This old procedure had its bad side as well as its convenient side for concessionnaires, since in several cases syndicates which had begun operations and had met with ill-luck and heavy losses, had to continue paying the same amount into the Korean Treasury, so long as they carried on operations, as they would have had to pay if they had been successful. The highly-profitable American concern, the Consolidated Korean Gold Mines, which has hitherto estimated its profits in millions of dollars, is indeed the only instance of a real mining success in Korea. From this it is apparent that the new Mining Law, were it stripped of all objec-

tionable clauses and honestly administered, would mark a distinct advance, as the scale of royalties and the ground tax are moderate in the extreme.

Here, however, comes another important point. One of the objects of the new regulations is to invalidate certain important concessions granted by the Korean Emperor some time ago and unavoidably held in suspense pending the termination of the late war. These concessions, numbering a dozen or so, were in most cases backed by powerful sponsors in London and New York, and so great an outcry was made on the promulgation of the new Law by their representatives in Korea that in the end the European backers were forced to take effective action. In the case of the large area lying to the north of the properties of the Consolidated Korean Gold Mines, which had been applied for by a British-American Syndicate, the Japanese had absolutely refused to grant a permit. Diplomatic pressure, however, was brought to bear in Paris, and Marquis Ito learned to his surprise that if this concession were not granted there might be difficulties raised by Parisian financiers regarding the new Japanese Conversion Loan. The permit was then promptly issued, with the excuse that the only cause of the delay was the multitude of details which had had to be attended to. In the case of a second area, which had been granted to a purely British group, an intimation was conveyed that if there was a refusal the question might come up in the House of Commons and lead to an awkward debate. The

Japanese authorities were then good enough to point out that delay had occurred only because the concessionnaires had not followed the detailed regulations; as soon as they had filed an application under the new rules, a permit would be issued. In a third case, a German Syndicate at last received a permit through pressure abroad; and in a fourth case an Anglo-Italian venture was sanctioned thanks to much the same tactics. But in the case of the well-known American firm of Colbran, Bostwick & Co., of Seoul, acting in the interests of the Manchu Syndicate, Ltd., and the Korean Syndicate, Ltd., both of which concerns are registered in London, no such consideration was shown. Although the concessions held were unimpeachable, the Japanese needed them for themselves, and although two years have now been spent in representations, it has been time wasted.¹

It is true, of course, that mining permits have actually been issued to some half-a-dozen European groups; but it still remains to be proved whether the concessions obtained can ever be placed on a dividend-paying basis. For there are many ways of making work unprofitable. Already the Consolidated Korean Gold Mines are having difficulties about timber because the Japanese now control all the Yalu and Tiumen river supplies and are beginning to cut off alien concerns. Already there are indications

¹ The reason for the animosity of the Japanese against this American house is because the partners are the intimates of the Korean Emperor and openly deplore the present disgraceful position in Korea.

that foreign syndicates will be allowed to proceed only a certain distance, and then, as soon as values have been proved, will have a pistol put at their heads in the form of an upset-price or of unending labour, timber and other difficulties. It is a situation which reflects but little credit on British diplomacy.

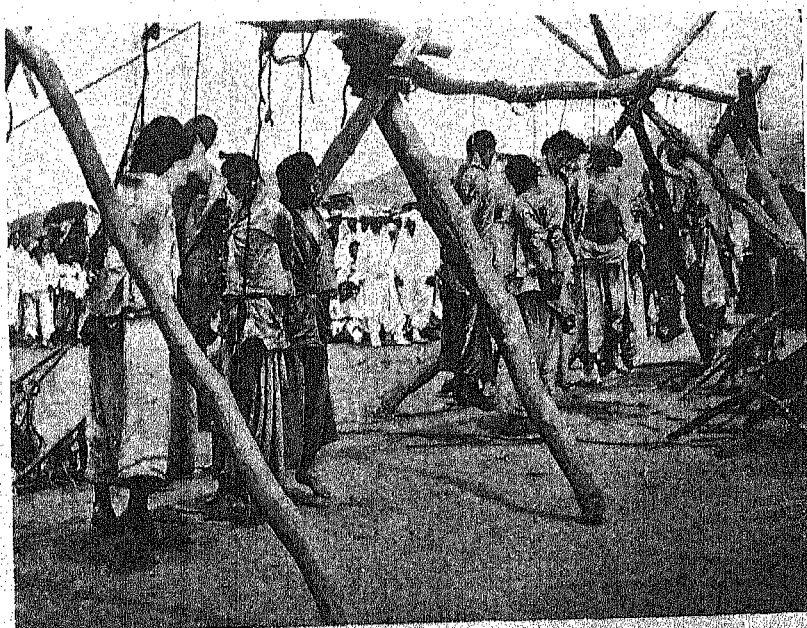
As for Korea in general, it may be looked upon as being as much lost to the neutral world as is Formosa. It is becoming a closed market—just as there are indications that Southern Manchuria is to be a closed market—and will become completely so unless vigorous measures be taken in time.¹

Greater Japan, then, means something quite different from Greater Britain ; and it is a realisation of this fact which has succeeded in two short years in alienating almost completely all sympathy from Japan in the Far East. Englishmen now know that, after having won the Russian War largely through Anglo-American moral support and Anglo-American gold, Japan intends to make profit, and

¹ Most serious is the question of the Korean Customs tariff. It has transpired that quite recently certain confidential work has been entrusted to the Japanese Customs at Korean treaty ports, which points to the fact that an analysis is being made of all statistics, having for its object the preparation of data on which to formulate certain proposals, first, it is believed, to England, and then to the other Treaty Powers. In other words, an attempt may be made to bring a Korean-Japanese Customs Union within the range of practical politics. How "the most favoured nation clause" of the Treaties is to be overcome no one yet can imagine ; but it is supposed that if a scheme is proposed whereby the main imports of each Power receive preferential treatment, some Foreign Offices may be inclined to view the change with less ill-favour than at present. Nothing more disastrous than such a surrender, however, could happen.



A MILITARY EXECUTION, KOREA.



THE NATIONAL METHOD OF EXECUTION, KOREA.

to take payment, not from Russia, which remained unbeaten, but from the neutral world of Eastern Asia.

Japan has many admirable qualities, and the patriotism of her sons is beyond all praise. But when there is imminent risk of the work of decades being undone by a sentimental obsession, then the time has arrived for the plainest speaking. Korea is already almost lost to the neutral world ; Southern Manchuria is sharply menaced ; the whole of China is being infiltrated by a preparatory campaign. Chinese stubbornness and Chinese rivalry form barriers of some strength, which may suffice until the completion of the Panama Canal. But the situation is already very critical and the great contest draws nearer and nearer. In this contest Japan will be the decisive factor along the vast Far Eastern coast lines, unless there is a naval combination of all Anglo-Saxondom.

Note. —The latest phase which has arisen in Korea owing to the unfortunate Emperor's vain despatch of a mission to The Hague Conference, charged with demanding that common justice should be extended to a country whose only sin is misgovernment, has had a dramatic end. The Emperor has abdicated in form but not in substance. On July 19th, 1907, fearing the worst from the fact that Marquis Ito, through the so-called Korean Ministry, had submitted certain demands, the Emperor abdicated in favour of his son, the Crown Prince. The three demands which Marquis Ito submitted are understood to have been (a) that the Emperor must ratify with his own hand and seal the so-called "protection" Treaty of November 17th, 1905 ; (b) that the Emperor must appoint a Regent ; and

(c) that the Emperor must proceed in person to Tokyo and apologise personally to the Emperor of Japan for the Hague Mission.

The action of the Korean Emperor has once more outwitted the Japanese for the time being, since his abdication does not alter the regard of the Korean people for their sovereign, and the Palace in Seoul will continue to cherish the same hopes as before. Meanwhile the clamour of the Japanese may bring about a new crisis. Of course, the open annexation of Korea is desired—and if the Japanese Government hesitates to act, it is because the consequences of any action destroying once and for all the identity of the Korean people will be very far-reaching. The whole fault undoubtedly lies with Japan, for, as the writer has clearly shown in previous volumes, her footing in Korea from the first days after the beginning of the late war has been a false one. And not only has it been false, but she has actually encouraged by a thousand acts the belief among the Japanese people that Korea has legitimately fallen to their lot for open exploitation. Meanwhile these latest incidents have created something closely akin to a panic in Peking. The Manchus begin to understand what the future may have in store for them.

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CHAPTER I.

THE PEKING GOVERNMENT IN 1907.

THE curious course of events in China itself, during a period in which Far Eastern history has so rapidly been made by forces over which the Peking Government has exercised not the slightest control, has been fully detailed in previous volumes.¹ It will now be sufficient, therefore, to show, as succinctly as possible, how far the internal situation in China has actually developed, in spite of a very large number of impediments arising both from within and from without, and to attempt an estimate of the probable position of affairs, say by the year 1915. With the ever-shifting currents and cross-currents which are such a feature in China, this task is one of immense difficulty, and no conclusions can be stated in the absolute terms which can with justice be employed in the case of Japan ; still it is possible to make a number of interesting deductions which are as nearly final as is possible in the strangely conflicting circumstances of the day.

¹ See *Manchu and Muscovite, The Re-Shaping of the Far East, The Truce in the East and Its Aftermath.*

No sooner had the Russo-Japanese war ended, and the various Treaties and Agreements been signed and ratified, than a large and important Chinese Imperial Mission, headed by a Manchu Prince, Duke Tsai, left Peking with the object of investigating the political systems of the Old World, and thereafter of recommending the adoption in China of what was decided to be best in them. This Mission, then, may be said to have been nothing less than a tacit confession on the part of the Throne of China that the whole course of events from the Chino-Japanese war of 1894 until the Portsmouth Treaty of 1905, had been directly provoked by the misrule, weakness and corruption of the Peking Government; and that, if this period of disintegration was not to continue indefinitely until China was completely undone, it was essential that the root of all the troubles should be attacked and a new *régime* substituted over the whole Empire which might both arrest the decay and regain much that had been lost. In the opinion of the writer this silent admission proves, without any shadow of doubt, the inherent sanity of China's rulers, even when events have greatly crippled their power to act wisely; and at the time of the departure of the Mission referred to, the conviction that the Government was at last in earnest was so strong that it was actually confidently expected that as soon as Duke Tsai and his colleagues returned to Peking from Europe, a system of Constitutional Government would be promulgated by Imperial Decree and put in force without further delay.

Over-sanguineness is a general characteristic of the East; and the Chinese, in common with the Japanese and other Asiatics, have an exaggerated belief in the immediate efficacy of certain European panacea. Thus a Constitution seemed to the ordinary Chinese students the elixir which was so bitterly needed to instil new life into the country; and therefore, without too much reasoning, a Constitution was ardently demanded.

As soon, however, as the Imperial Mission had returned to Peking in the summer of 1906 (after an absence of only a very few months), and a general conference of high officials and delegates of all the provincial Viceroys and Governors had been summoned, a curious struggle began between the uncompromising advocates of root-and-branch reform and the more moderate statesmen. From every point of view this was but natural, because it was impossible that China should pass suddenly, without any intervening period of probation, from an excellent administrative system which has merely become venal and ineffective owing to the corruption and disturbance of the times, to a hybrid form of pseudo-constitutionalism such as obtains in Japan. Apart from all other considerations, such a course would have been financial madness; for until the currency and internal revenue-collecting had been completely and carefully reformed over the whole Empire, the inauguration of a system of Constitutional Government would simply have invited pandemonium and possibly even have caused

renewed foreign intervention such as occurred in 1900. From the Manchu point of view, too for it must never be forgotten that the final decision in Chinese governmental matters rests with a relatively small and effete body of conquerors who are constantly reminded that they are aliens—to have immediately given hundreds of thousands, and even millions, of men a share in the government of the country would have been to sound the death-knell of a *régime* which is two and a half centuries old. For, with the “new learning” spreading everywhere from Japan, any sudden relaxation of the centralised system of provincial control would certainly have been followed by risings in the Yangtze Valley and the southern provinces—regions which are imbued with the idea that it is a foreign dynasty which reigns in China.

In the eyes of the Manchus, therefore, immense caution was necessary in giving effect to any of the recommendations of the Imperial Commission; and it was consequently quite certain from the very beginning that the most that could be hoped for at once was administrative reform aiming at removing the abuses that had crept into the Chinese system, rather than the drafting and promulgation of a popular Constitution which would place unreservedly in the hands of a people, in the main unfitted for such daring experiments, the nominal control of the entire country. The battle between the two parties in Peking, the Reformers and the Moderates, lasted for many weeks, and gave rise to

many rumours, such as the one which disturbed all Chihli—that Viceroy Yuan Shih-Kai would never be allowed to leave the capital alive because he was the uncompromising advocate of reform—but in the end nothing more tragic occurred than the promulgation in September, 1906, of the following important Imperial Decrees which explain admirably and sanely the whole Manchu point of view, and are therefore worthy of close study :—

(1)

1st September, 1906.

In obedience to the instructions of Her Imperial Majesty the Empress Dowager, the Emperor issues the following Decrees :—

Ever since our Imperial House began to rule this Empire, we have had the best interests of the people in our hearts, and have always taken up anything that at the time seemed advantageous to our subjects. At the present day we hold relations with the various nations of the earth and learn that there is amongst them a mutual interdependence ; and this leads us to consider our own position which seems pressing and fraught with danger, unless we at once seek for wise and experienced men to assist us in the Government of the Empire. For this reason we sent a special Mission of high officials to visit various parts of the world, there to inquire into the systems of Government. Our High Commissioners, Duke Tsai Tseh and his colleagues, have now returned from their travels, and in all their reports to us they are unanimous in the declaration that the main cause of the backward condition of this Empire is the lack of confidence between the highest and the lowest, that is, between the Throne and the Ministers of State and the masses. Indeed officials know not how to protect the people, while on the other hand it naturally follows that the people are ignorant of how to guard the

safety of their country. Foreign Powers really become wealthy and powerful by granting Constitutions to the masses and allowing universal suffrage. Hence soldiers and commonalty are interlaced as to their common interests, and what affects the one will surely also affect the other. The people of foreign countries elect their rulers to rule over them. The power of each is clearly defined ; the methods of obtaining funds for Government expenses are properly regulated. Everything is controlled under a proper system and aims at the welfare of the masses. As regards ourselves, it is necessary at present to make a careful investigation into the matter and to prepare to imitate this system of Government by a Constitution in which the supreme control must be in the hands of the Throne, while the interests of the masses shall be given to their elected representatives, advanced to such positions by the suffrage of the masses. This, it is to be hoped, will be the means of strengthening the foundations of an everlasting Empire. But at this time of the day no method of procedure has as yet been drawn up, whilst the understanding of the masses is very limited. Any impetuosity shown in introducing these reforms will, in the end, amount to so much labour lost. How can we then face our subjects in such peculiar circumstances and how regain their confidence and faith in us? It is incumbent upon us as a beginning, therefore, to reform the official system, to revise carefully the laws in their most minute details, to promote and encourage universal education, to regulate the finances and sources of revenues, to re-organise the army and to establish a strong gendarmerie throughout the Empire. The gentry and people will in this way come to understand the kind of government needed for the country, and be prepared to lay the foundations for Constitutional Government, while the officials, high and low, in Peking and elsewhere, can use their best endeavours to bring our desires to a triumphant completion. In a few years' time, when it is found that there is in rough outline all that is needed, the time will have arrived for appointing a day for the inauguration of a *de facto* Constitutional Government. The whole Empire will then

be notified of the fact. We would therefore earnestly exhort our Viceroys and Governors of provinces to issue proclamations to their people, begging them to show an enthusiastic desire for education, to be loyal and patriotic, to be willing to make sacrifices for the good of all, and to restrain from destroying a grand structure through petty strife and private quarrels. Let all observe law and order and sedulously prepare themselves to enjoy the solid advantages of Constitutional Government. This is our sincere hope and desire. Let this be made known to the whole Empire."

(2)

2nd September, 1906.

"In our Decree issued yesterday with regard to the importance of losing no time in preparing the country for a Constitutional Government, we mentioned that we should begin first by reforming the official system. As this is a matter of great importance, nothing must be done without due and earnest deliberation, so that there may be no chance in the future of any complaints about premature decisions and the like, such as have been made in the past. We therefore hereby appoint the following high Ministers to discuss and arrange matters and then to report the result to us, awaiting our answer thereto:—Duke Tsai Tsch,¹ Shih Shu¹ (Imperial Clansman and President of the Board of Rites), Na Tung¹ (President of the Waiwupu), Yung Ch'ing¹ (President of the Board of Education), Prince Tsai Ch'en¹ (President of the Board of Commerce), Kwei Chun¹ (President of the Board of Civil Appointments), Tieh Liang¹ (President of the Board of Revenue), Chang Pai-hsi (President of the Board of Revenue), Tai Hungtsz (President of the Board of Rites), Keh Pao-hua (President of the Board of Punishments), Hsu Shih Ch'ang (President of the Board of Public Safety), Lu Jen-hsiang (President of the Board of Works), Shou Chi (President of the Censorate), and Yuan Shih-Kai (Viceroy of Chihli). The above-named

¹ These officials are all Manchus.

Ministers of State shall draw up a report on the subject of their deliberations and must act loyally and patriotically in the best interests of their country. Let them not be guided by private likes and dislikes. In addition to the above Metropolitan officials we also appoint the following Viceroy to give assistance in the matter:—Tuan Fang (Liang-kiang), Chang Chih-tung (Hukuang), Sheng Yun (Shen Kan), Hsi Liang (Szechuen), Chou Fu (Min Che), Tsen Ch'un-Hsuen (Two Kuang). The said Viceroys are also commanded to select subordinates to represent them in Peking, who shall either be of the rank of Provincial Treasurer, Judge, or Taotai, as the case may be. The following shall constitute a Central Committee to supervise the said deliberations and transmit our commands: Yi Kuang, Prince Ching, the Grand Secretary Sun Chianai, and the Grand Councillor Chu Hung-chi."

Of these two Decrees the first is merely explanatory; the second provides machinery for the work of reform. The appointment of this second High Commission, led by the same Prince who had headed the Imperial Mission to Europe, largely facilitated the conciliation of western principles with the actual conditions found to-day in China. The Commission occupied some two months in its preliminary labours, and then produced a lengthy list of recommendations following the line of reform which has already been indicated. The chief points immediately adopted were the abolition of the system of plurality of posts in Peking—a system which permitted a single high official to hold at one and the same time half a dozen sinecures; the abolition (with exceptions which are duly mentioned) of the system of two Presidents and four Vice-Presidents for each of the great Boards in Peking, a single

President and a Senior and a Junior Vice-President being re-appointed in their stead ; the total separation of the Grand Council and Grand Secretariat from the Administrative Boards, thus making the office of Grand Councillor or Grand Secretary a distinct appointment ; the re-naming and re-organisation of all the Boards ; the abolition of the difference between Manchu and Chinese appointments ; and the making of some definite provision for a redistribution in the provinces of the hundreds of smaller officials displaced by the wholesale departmental reorganisation in Peking. But the three Decrees of the 6th November, 1906, which embody the imperial assent to the recommendations of the Commission, are so important that they must be given *in extenso* :—

(1)

"We have received the report of the Prince and high Ministers of the Imperial Commission with reference to the proposed reform of the official system amongst the various Boards in Peking, and we have accordingly issued an Imperial Rescript in connection therewith,¹ commanding their recommendations to be put into force. By command of the Empress Dowager, the said Imperial Commission is to begin at once its labours with regard to the reform of the official system and to report to us the result. We feel that the present unsatisfactory condition of affairs in the Empire is due to the fact that the relations between officials and the masses have never received the attention their importance requires. Now, department and district magistrates (*Chou-Hsien*) are intimately connected with the

¹ The document which follows.

masses, and their close relationship should make the former acquainted with the needs of the latter. Instead of this, however, officials and people are separated by the employment of forms and ceremonies so as to make all matters neglected. These officials do not pay attention to the welfare or troubles of those under them, and often to such an extent are they indifferent and corrupt, that relatives and secretaries are permitted to browbeat and oppress the masses, while the gate-keepers and runners of the Yamens prey upon and devour the substance of the people. In such circumstances can anyone expect these local governments to flourish? How can the spirits of the people, moreover, be elevated under such a state of affairs? Dwelling upon this point makes us feel indignant indeed. Now that the Imperial Commission is working on the reform of the official system in the provinces, the question of how to deal with these department and district magistrates becomes one of the greatest importance. Moreover, owing to our subjects being not yet educated up to the required point, local self-government is premature for them and a difficult matter to put into force at once. It is, therefore, requisite for the nonce to consult together as to the course of action to be pursued in this matter in order to prepare for the new order of things, and to decide as to the question of reducing the number of petty officials, and to limit the power of each one, thereby keeping a strict watch over their condition and preventing dishonesty and oppression. The main problem to be solved is how to bring officials and people into close and more intimate relations than heretofore. Let the Imperial Commission therefore communicate with the various Viceroys and Governors of provinces so as to come to a determination on this matter which shall be substantial, lasting, and beneficial; and then obey our Decree on the subject. The Throne creates officials with the sole object of nourishing our people and of making them happy and contented with their several lots and avocations. Our sole wish is to see our subjects live in harmony, and to secure them this peace and harmony must be our only object."

(2)

"We are commanded by Her Imperial Majesty the Empress Dowager to state that when an Imperial Edict was issued on a previous occasion to prepare for the establishment of a Constitutional Government in the country, it was decided to commence with the reform of the official system, and the Throne commanded Duke Tsai Tsch and his colleagues to make a detailed investigation into the matter, and appointed Prince Ching and his colleagues to supervise the above work, to report the result and, then, awaiting the issue of the Imperial Commands in the matter, to obey and put them into force. As the times have changed, so must we conform ourselves to these changes, selecting what is beneficial and of advantage to us and our Empire. The following matters have now been recommended by the Imperial Commission in question. The Grand Council and Grand Secretariat to remain as usual, as there has been nothing detrimental in their system. The Grand Secretariat and Grand Council shall therefore continue as usual. The Presidents of the various Boards are to have a vote in the affairs of the Government as a whole and are to take turns in rotation in attendance on ourselves, and are to be prepared to answer questions from the Throne. The Waiwupu and the Board of Civil Appointments (Lipu) are to remain as usual. The Hsunchingpu (Board of Public Safety) is changed to the Mingchengpu or Board of Home Affairs. The Hupu or Board of Revenue is to be changed to the Paymaster General's Department (Tuchihpu), and the Council of Finance shall be amalgamated with it. The Courts of Sacrificial Worship, Banquets, and Court Ceremonies are to be amalgamated with the Board of Rites. The Hsuehpu (Ministry of Education) is to continue as usual. The Board of War is to be changed to the Land Army Office (Luchunpu) and the Council of Army Reorganisation and the Court of the Imperial Stud are to be amalgamated with it. The proposed Haichunpu (Admiralty) and Army Staff Department, not having yet been regularly organised,

matters appertaining to them are to be attended to by the above named Luchunpu. The Hsingpu or Board of Punishments is to be changed into the Papu or Board of Judicature. The Court of Revision is to be changed into the Supreme Court (Taliyuan). The Board of Works is to be amalgamated with the Shangpu and the two will be designated the Nungkungshangpu or Board of Agriculture, Public Works, and Commerce. The China Merchants Steam Navigation Company, Railways, Telegraphs, and Postal Departments are to be combined under the Board of Posts and Communications (Yuch'uanpu). The Mongolian Superintendency is to be changed to the Board of Dependencies (Lifanpu). With the exception of the Waiwpu, which shall retain its present number of Presidents and Vice-Presidents, the other Boards are to have in the future only one President and two Vice-Presidents. There shall be no differentiation as to Manchu and Chinese posts. The Censorate shall have a President and Vice-Presidents, and the Keepers of Seals shall, for the present, continue as before. There are to be two additional departments, the Tzechengyuan and Shengchiyuan, or Accountant General's Department. The other departments shall continue as before. Let each Minister use his best endeavours to act honestly and faithfully in reforming our Government and deserve well of the confidence of his Sovereign in him."

(3)

"The Presidents and Vice-Presidents of Boards who have been commanded to resign their posts (in accordance with the reform of the official system recommended by the Imperial Commissioners) are to retain their respective ranks and to await some other employment. The substantive and expectant secretaries and scribes of the Boards and Minor Courts that have been abolished are either to receive appointments in the existing Boards or to be sent to the provinces as expectant officials. The Board of Civil Appointments is commanded to attend to this matter without delay, and report to us."

It will be seen from these various Edicts that apart from honest-sounding generalities the actual provincial administration, in contradistinction to the reform of the Central Government, is for the time being left untouched. The reason for this is not far to seek. While it is easy to inaugurate reforms within the Tartar Walls of Peking without any great dangers arising—since under the eye of the Throne all tremble—in far-off provinces a very different state of affairs might arise if a single false step were taken. Rebellions and risings might be actually prompted by displaced or discontented officials, and therefore the only safe march is a slow march. Accordingly, while the reorganisation of the great Government Departments in Peking is now practically complete, provincial administrations have so far only benefited to the extent of feeling the reflex action of such reforms—that is, of being subjected to a closer scrutiny, of being urged in ways which cannot be ignored to hasten their educational, fiscal, currency, and military reforms, and of being called to account again and again, until there is perceptibly more honesty, more expedition in the despatch of business, and more attention to every kind of detail work. An impetus has thus been given, which has already produced very noteworthy results, even in distant provinces such as Yünnan and Kansu; and if as a whole the old system of provincial administration still works as of yore, it has already been purged of some of its worst elements.

Here, however, another point must be noticed. It is that the Manchu Dynasty, although now honestly desirous of escaping from the undignified position of complete and undisguised international weakness which it still occupies, is equally anxious that its right to rule over the eighteen provinces and the outer dominions shall not be challenged by the people—that is, that the reform movement shall not come from below. Accordingly, the small provincial risings which have recently been suppressed have hastened the wholesale appointment of Manchu (not Chinese) officials in the Yangtze Valley and elsewhere. Such officials play the part of eyes and ears to the Throne; and as they are necessarily unimpeachable in their loyalty, they can be fully relied upon both to convey timely intimation of the tendencies of the day, and to suppress as harshly as is within their power all the unrest which is being constantly provoked by the activity of the revolutionary and secret societies, aided and abetted by large numbers of returned students from Japan. Thus there is a dual movement to be noticed in provincial China—a reform of the administration and a tightening of the Manchu hold.¹

¹ As an example of the manner in which loyalty is cultivated, the following three Imperial Decrees of February, 1907, are peculiarly interesting. All the Princes named belong to what may be called China's colonial possessions (*i.e.* Inner and Outer Mongolia and the various provinces of Turkestan), and they are honoured with the Eastern equivalents of high European decorations and distinctions.

1. "Prince Amin Huchu, Hereditary Mahommedan Prince of Turfan, Chinese Turkestan, is hereby given the decoration of the three-eyed peacock's feather."

2. "Ma-k'eh-su-erh-tsa-pu, Prince (2nd Order) of the Sunid Tribe

It is clear, then, that the present provincial policy of the Throne is merely temporising and that it is dictated by a desire to gain time so that outlines may become clearer and the people be willing to accept in the proper spirit whatever is finally decided upon. As an illustration of the kind of provincial reform which may be made in the first instance, Viceroy Yuan Shih-Kai's final recommendations to the Imperial Commission now permanently sitting in Peking are worthy of being read. They are as follows :—

1. The abolition of the various territorial Taotais.
2. The retention of the Customs Taotais, who shall act as intermediaries with foreigners.
3. The retention of Prefects, Departmental Magistrates, and District Magistrates.
4. The abolition of all Sub-Prefects, Assistant Sub-Prefects and Sub-Magistrates.
5. The establishment of a Yishihhu, or association for the discussion of territorial affairs, in each district.
6. The establishment of a Shentsaipanso, or Court of Justice, in the various provincial capitals, and a Futaipanso and Hsientaipanso, or Prefectural and District Courts of Justice, in the various prefectures and districts.
7. The establishment of a Taichengshih, or Director of

of Mongols ; Ta-erh-nu-pa-la, Duke of the Ongniot Tribe ; and Lu Hsi, Duke of the Uchumuch'in Tribe, are hereby selected to do duty at the Chients'ing gate of the Imperial Palace ; and Kuo-erh-cho-tsa-pu, Prince (3rd Order) of the Sunid tribe is given the decoration of the two-eyed peacock's feather."

3. "Hsi-yun-mu-k'u, former Cholik'cht'u Khan of the Turgut Mongols, is granted the decoration of the three-eyed peacock's feather ; Pa-la-chu-erh-la-pu-tan, Prince (2nd Order) of Kokonor is selected to do duty at the Chients'ing gate of the Palace ; and Su-no-mu-erh-ta-hsi, Duke of Kokonor, is granted the decoration of the one-eyed peacock's feather."

Financial Affairs ; the existing Puchengshih, or Provincial Treasurer, to have sole charge of civil appointments, and also of the agricultural, industrial, and commercial affairs of each province.

8. The establishment of an Inspector of Educational Affairs in each district.

9. The establishment of offices charged with the police, salt, and military affairs of each province.

10. In order to save time and trouble, all the Prefects' Departmental Magistrates and Magistrates to report and receive their orders *directly* from the Viceroys, Governors, or Tartar Generals, instead of through the Provincial Treasurers, Judges, and Taotais as heretofore.

11. The establishment of a Hsünchingshih, or Director of Constabulary, in each province.

12. *The augmentation of the salaries of all descriptions of officials in the provinces so as to enable them to live on their pay.* Officials to be severely punished according to law in case they are found guilty of receiving or extorting money or bribes from the people in future.

It will be seen from these recommendations that increased centralisation in each province, together with the abolition of sinecures, the creation of a few new offices, and the adequate payment of all, is what is aimed at ; and in other memoranda, the principles of which have been accepted by the Imperial Commission, it has been proposed to form Provincial Councils or Congresses, to which all representative gentry in town or country will be eligible. Such bodies will, however, be only advisory ; but they will permit the rearrangement of taxation in a friendly manner, and will tend to make secret societies abhorred by respectable people as mere trouble-provoking instruments. The reform in salaries is

13th January, 1907.

"The difficulties that surround us in the Government of our Empire cause us sleepless nights in our anxiety to meet the crisis and restore prosperity to the country. In the circumstances our Ministers and officers high and low should respond by exerting themselves in patriotic and loyal efforts. We feel indignant, therefore, to learn that ever since taking over their respective posts as President and Senior Vice-President of the Ministry of Posts and Communications, both Chang Po-hsi and T'ang Shao-yi have been appointing their favourites to posts in their Ministry to the exclusion of others, thereby causing much hostile comment regarding their conduct. The two Ministers, having failed in the confidence we placed upon them, ought to have been forthwith dismissed from office. We will, however, exercise our prerogative of leniency on this occasion and hereby command that the Imperial displeasure be communicated to the said Chang Po-hsi and T'ang Shao-yi, and that they be furthermore commanded to make careful selection of proper men for the posts of First Secretaries, Councillors and subordinate classes of secretaries in the said Ministry and reject all who are incapable. All business in connection with the said Ministry should be dealt with only after mature consultation with their colleagues. Should there be any similar acts of favouritism in the future we will hold the said two Ministers responsible for the cause."

The conflict between the old and the new is made very clear in this Edict; for the Ministers in question, having sought to fill their offices with intelligent men educated abroad, are simply accused of nepotism by officials of the old *régime*. Yet the Chinese Government as an entity is fully alive to the necessity of having a new class of officials who thoroughly understand everything the West can teach. In this

connection nothing is more worthy of remark than the Palace examinations conducted in Peking during the autumn of 1906 for the bestowal of degrees on Chinese students who had studied abroad and won distinctions in European, American, and Japanese universities. These imperial examinations were in the main conducted in English, and some of the themes given are sufficiently difficult to be specially noted. Here, for instance, are the questions in philosophy :—

1. Define philosophy and distinguish it from science and ethics. Explain the following systems of philosophical thought :—Dualism, Theism, Idealism, Materialism, Pantheism, Agnosticism. How would you classify, according to the Western method, the following Chinese Philosophers : Chuang Tzu, Chan Tsai, Chu Tzu, Su Tzu, and Wang Yang-ming ?

2. Explain why philosophy developed earliest in Greece. What are the leading thoughts in the teaching of Heraclitus ? Why will his system, at one time almost obsolete, again become popular ?

3. Expound fully Mill's four methods of induction and mention some of the scientific discoveries and inventions which may be directly traced to them.

Questions of this kind were followed by Confucian texts for essay-writing, such as this : "To respect those in authority, to love one's kin, to venerate one's elders, and to segregate the sexes—these are principles which will abide for all generations." The transition from old to new is indeed startlingly illustrated by these examinations ; and when it was found that many students who were awarded the

degree of Doctor (Chin Shih) were actually deficient in their knowledge of elementary Chinese, owing to their having saturated themselves in the knowledge of the West to the exclusion of the knowledge of the East, one more problem was added to the thousand awaiting solution in modern China. For it is but reasonable that bad Chinese should be as much resented in the examination halls of Peking as bad English would be by the Civil Service Commissioners in London. In these circumstances two other Imperial Decrees merit record as exemplifying the slow but perceptible westernising of the Empire. Whilst the "new learning" is spreading everywhere and is now officially recognised in Peking, the Throne has not hesitated to affirm—only a very few months ago—its unalterable devotion to the principles of Confucianism; and has told the waiting millions in a manner immediately intelligible to every educated man in the Empire that Chinese, when all has been said and done and everything remodelled, must still remain Chinese. Here are the Decrees in question :—

(1.)

In view of the supreme excellence of the great sage Confucius, whose virtues equal heaven and earth and make him worthy of the adoration of a myriad ages, it is the desire of her Imperial Majesty the Empress Dowager Tze Hsi that the great Sage shall in future be accorded the same sacrificial ceremonies of worship accorded to heaven and earth when sacrifice is paid by the Emperor. Let the Yamen concerned take note of this.

(2.)

We have received from H.I.M. the Empress Dowager Tze Hsi the following commands:—Liang Tingfen, Provincial Judge of Hupeh, recommends the establishment of a college in the city of Choufou, province of Shantung, in honour of Confucius. Confucius is our teacher of a myriad ages, and yesterday we raised him so that he may receive the same special sacrificial worship accorded to heaven and earth. As Choufou is the birthplace of the great Sage, it is only right and proper that a college be established there in his honour. We hereby command Chang Chih Tung and Huang Shao-chi, Literary Chancellor of Hupeh, to exert themselves in procuring funds for the purpose, and we further grant the sum of Tls. 100,000, which shall be paid out by the Provincial Treasurer of Shantung.

It was not until the present year was well advanced that the matter of Manchuria was dealt with by the Central Government. On receiving the exhaustive report of the special Imperial Chinese Manchurian Mission, however, it was finally decided to put a model system of provincial administration into force in Manchuria as soon as the final evacuation date (April, 1907) of the Portsmouth Treaty had passed. With Russia in Northern Manchuria and Japan in Southern Manchuria, such an experiment could be much more safely tried in Chinese Manchuria than in any province of China Proper. Accordingly, on the 20th April, 1907, the following important and delicately-worded Edict was issued:—

Owing to the poverty-stricken condition of our subjects in the Manchurian provinces, due to the unsatisfactory government there existing, we have deemed it necessary to

reorganise it, and to abolish all glaring faults therein for the betterment of the inhabitants. We therefore command that the three Manchurian provinces, Fengtien, Kirin and Heilungchiang, be combined into a single Viceroyalty of the Three Eastern Provinces (Tung San Sheng), and that the office of Tartar General of Fengtien (Moukden) be changed into that of Viceroy of the Three Eastern Provinces, with full control of the duties attached to the Tartar Generalship of the three provinces aforesaid. The said Viceroy will have, moreover, a Yamen in each of the three provinces where he will in future sojourn at certain periods during his incumbency. The provinces of Fengtien, Kirin and Heilungchiang are each to have a Governor for their better supervision. We hereby appoint Hsü Shih-chang to be Viceroy and Tartar General-in-Chief of the Three Manchurian Provinces, and he is also further given the title and powers of Imperial High Commissioner for Manchuria. Tang Shao-yi is appointed Governor of Fengtien province ; Chu Chia-pao, Acting Governor of Kirin ; and Tuan Chih-kuei is given the brevet rank of Provincial Treasurer and appointed Acting Governor of Heilungchiang province. We hereby also exhort the said Viceroy and Governors to put forth their best endeavours and to do their duty diligently in their several spheres of influence, striving honestly to discharge it, ignoring all jealousies despite all that may be launched against them whilst so doing. They are further to consult together with reference to appointments to the subordinate posts within their administration, and to report thereon to us. Let this be obeyed.

It is understood that this Decree gives absolute power to Hsü Shih-chang, the first Viceroy of Manchuria, to act as he pleases ; and it is consequently expected that radical reforms will be inaugurated during the next two years. These reforms will practically follow the lines already

decided upon by the Imperial Commission sitting permanently in Peking; and if they prove successful they will be extended to all the provinces of China Proper without delay.

From what has been written a bird's-eye view should have been obtained of the progress which has been made in Peking during the two years which have already elapsed since the great war ceased. It will perhaps be felt by some that the real advance is small, and that at the bottom matters are much as they were before. Such an opinion, however, is inaccurate, for it ignores the fact that sound constructive work must inevitably be preceded by a period of examination and probation. In reality, therefore, it is very wise of China not to attempt the introduction of Constitutional Government until such a form has been proved really feasible in an Eastern country. The experiment in Japan is still an experiment, as has already been shown; and China should steadfastly eschew all such essays, and should devote herself heart and soul to the necessary reconstruction and renovation. For the first time she is absolutely honest in her desire for modern progress.

Meanwhile the reflex action of these reforming Decrees is plainly visible all over Northern China. For Northern China—especially the metropolitan province of Chihli, which is always under the iron control of Viceroy Yuan Shih-Kai—is already several years ahead of Central China, and perhaps

a decade ahead of Southern China. The country and the people bear a thousand indications of this. Everything is new; there are new metalled highways; new buildings, many of them in semi-European style; new uniforms; a new energy and briskness; a new cleanliness; a new desire for learning; a new vein running through everything. Though but seven short years have gone by since torch-lighting and murderous Boxerism, stripped to the waist and redolent of the untamed and heat-sweltering East, was everywhere at work, Aladdin's lamp has been rubbed in Peking, and with a flash the past has vanished never to return. It is marvellous, but it is undeniably true.

Still we must turn to more general considerations and see what are the approximate conditions in the Empire at large. The indications in Peking itself are that recent lessons have been appreciated, and that a frank recognition of China's humbled condition has spread within the precincts of the Forbidden City. But this is not enough: it is indeed far too little. The Peking Throne, which should supply much of the immense motive power necessary to achieve concrete results in so vast an Empire, is very troubled, and there are no great men who can take matters into their hands. The Empress Dowager is still supreme, and the continuation of what is virtually a gynarchy must from year to year do greater harm. The presence of Prince Ching as the man with the casting vote in all Government

affairs is a further difficulty, for his services to the State are to-day valueless. He is aged and corrupt, and is engaged solely in amassing wealth, and the activity of the revolutionaries makes it easy for him constantly to counsel delay in reform-work. The position, therefore, cannot be said to grow less complicated as the days go by.

CHAPTER II

CHINESE ARMAMENTS AND RAILWAYS

LITTLE has been said in the preceding chapter concerning the rivalry between the leading men of the day, which is and always has been a distinct and disconcerting feature of Chinese internal politics.¹ In the West there is loyalty to an idea, or to a correlated chain of ideas, because the execution of that idea or of that chain of ideas seems good for the body politic ; and men of the most dissimilar ambitions are willing to join hands in order to propagate these main beliefs. In the East, however, rather is there loyalty to the successful man, irrespective of his beliefs—loyalty to the man who commands, who will uplift those around him, who will champion those place-seekers who show him fidelity. And since to have only one great man would be dangerous, the sovereigns of Eastern countries are constantly raising up new great men—maintaining, in fact, a sort of equipoise. Between these great men there is almost

¹ It must be well understood, however, that the leading members of the Manchu Imperial Clan stand over and above such rivalry. Thus Prince Ching is a species of Metternich, who could only be flung down by revolution or by the death of the Empress Dowager.

incredible rivalry, which grows more and more bitter as one or another of them temporarily triumphs over his adversaries. A case in point is furnished by the hardly-concealed contest which has now raged for some time between the great Tientsin Viceroy, Yuan Shih-Kai, who is to-day certainly the wisest and most masterly administrator in China, and the ambitious Manchu T'ieh Liang, now Generalissimo of China's new armies.

In previous volumes it was shown that the work of raising, arming, and equipping China's new forces had been practically confined to the metropolitan province of Chihli, where, thanks to the Tientsin Viceroy's energy and genius, as many as seven divisions of new troops, or 85,000 men, had been enrolled by the year 1906. These seven divisions, forming the Peiyang Army, or the Army of the North, were armed, equipped, and drilled by the Tientsin Viceroy on his own initiative, the necessary funds being obtained solely from his provincial exchequer; and the nucleus of China's future army which was thus formed was able to detach many native drill-masters for work in Central and Southern China with great results, which will be detailed later. Until the year 1906, therefore, the star of Yuan Shih-Kai was in the ascendant and he was feared by all. Up to this time, T'ieh Liang, a Manchu official enjoying high Court favour, had actually been an ally of Yuan Shih-Kai, and had forwarded the latter's army reorganisation scheme to the best of his ability during his various terms of

office in high metropolitan posts during the anxious times of the late war. It was perhaps while he held the post of Chief of the now absorbed Lien Ping Ch'u (or Peking Army Council), that he understood the value of controlling in the capital itself the whole machinery of the new Chinese army ; and, therefore, no sooner had he obtained—under the reorganising Edicts, some of which have been quoted in the preceding chapter—the new appointment of sole President of the reconstituted Ministry of War, than he began an open attack on his former friend and ally.

The moment was peculiarly propitious for such a departure. As has already been said, the return home of the Imperial Chinese Commissioners, who had been entrusted with the work of reporting on European forms of government, was the signal for an outbreak of violent enmity between the various groups of high officials in Peking ; and Yuan Shih-Kai, who was associated with those who boldly advocated root and branch reform, became a marked man with the Manchus. For, rightly or wrongly, the Tientsin Viceroy—being a patriotic Chinese from the province of Honan—was suspected by the Manchus of having great secret ambitions which might conveniently be furthered at the psychological moment through the agency of his loyal corps of well-trained soldiers. The Manchu party consequently began to realise that if the Lu Chun, or new Conscript Army, which was being slowly raised all over the Empire, became accustomed to the idea

that the Tientsin Viceroy was the life and soul of the whole movement and its real leader, it would only require some Peking Palace disaster, such as the death of the Empress Dowager or of the Emperor, for a serious movement of unrest to be communicated to the provinces—a movement which, if it spread to the relatively-speaking strong new army, might reduce the Palace and the Manchus to the position occupied by the Mikado and his Court before the Restoration of 1868 had remodelled the government of Japan.

In these circumstances it was singularly easy work for the high Manchu officials to play on the feelings of the Empress Dowager; and consequently there were many who believed that Yuan Shih-Kai would one day be suddenly relieved of the burden of existence, while in Peking at the time of the prolonged Palace debates on the subject of the renovation of the government system. Fortunately no such violent means were resorted to, and Yuan Shih-Kai was allowed to proceed to the great army manoeuvres of 1906 and then to return in safety to his Viceregal Yamen in Tientsin. Early in the present year (1907), however, T'ieh Liang succeeded in having the whole control of the Lu Chun of the eighteen provinces transferred to the direct control of the reorganised Lu Chun Pu, or Ministry of War; and thus the seven trained divisions of the Peiyang Army passed into his firm hands. Although for international reasons two of these divisions were left under Yuan Shih-Kai's nominal control—for Yuan Shih-Kai is

looked upon as the international guarantee of law and order in the metropolitan province, and his continued presence in Tientsin has lately allowed certain reductions to be made in the International Occupation Corps of 1900—T'ieh Liang's victory was complete and pronounced¹; and there is now every probability of the Manchus reasserting, during the next few years, their mastery over the length and breadth of China, by means of the new armies.

Apart, however, from the question of the rivalry between Yuan Shih-Kai and T'ieh Liang, this centralisation in military matters is looked upon by the writer as absolutely essential, if the entire Chinese army reorganisation programme is to be carried out during the next seven or eight years. In this connection, it is convenient to insert here an important memorandum, of a confidential nature, which gives the exact position of the new Chinese army at the close of 1906. This will be read with additional interest in view of the fact that the regimental, brigade, and divisional organisation is set forth in such a fashion as to show how and where future expansion is contemplated. The whole scheme is drafted in a manner which proves conclusively that non-Chinese brains have worked out the various details, and that the new army is not merely a new edition of the well-drilled forces which China has raised on previous occasions.

¹ There are, however, signs now to be seen that Yuan Shih-Kai's star shines a little brighter, and that he may again leap into prominence in the Councils of Peking.

THE CHINESE ARMY AT THE CLOSE OF 1906.

A. Preliminary.

1. In those provinces where only the *Kia* Brigade has been enrolled, the place of the *Yi* Brigade is left vacant until the entire Division has been made up, after which it will be inserted in its proper order.

2. Each complete regiment of Cavalry and Artillery, and each complete Battalion of Engineers and Transport, is entered according to the number of its Division. But where the Regiment or Battalion is incomplete no register shall be made for the present.

3. Provinces whose organisation does not yet amount to a Brigade should wait till a Brigade is fully made up and then petition to be inserted in their proper order.

4. The organisation of musicians in all the provinces being as yet incomplete, no record has been made.

5. With the exception of the 2nd, 3rd, and 4th Divisions the character "temporary" must still be retained until after further enumeration and inspection.

6. The Cavalry and Artillery of Honan really comprise only two battalions and should not be enrolled as regiments. But as the troops of that Province took part in the autumn manœuvres of 1906 it was necessary to give them a designation by which orders might be issued to them. They are hastening to complete their enlistments so that the name may correspond to the reality, and other Provinces must not consider this as a precedent.

B. Divisional Organisation.

1. FIRST DIVISION.—Stationed at Pao-ting-fu, Chihli Province.

Infantry	{ 1st Brigade	{ 1st Regiment.
	{ 2nd Brigade	{ 2nd Regiment.
		{ 3rd Regiment.
		{ 4th Regiment.
Cavalry—1st Regiment.		
Artillery—1st Regiment.		
Engineers—1st Battalion.		
Transport—1st Battalion.		

2. SECOND DIVISION.—Stationed at Chien-an, Yung-ping-fu, and Funing, in Chihli.

Infantry	{ 3rd Brigade	{ 5th Regiment.
		{ 6th Regiment.
	{ 4th Brigade	{ 7th Regiment.
		{ 8th Regiment.

Cavalry—2nd Regiment.
 Artillery—2nd Regiment.
 Engineers—2nd Battalion.
 Transport—2nd Battalion.

3. THIRD DIVISION.—Stationed at Pao-ting-fu, Chihli Province.

Infantry	{ 5th Brigade	{ 9th Regiment.
		{ 10th Regiment.
	{ 6th Brigade	{ 11th Regiment.
		{ 12th Regiment.

Cavalry—3rd Regiment.
 Artillery—3rd Regiment.
 Engineers—3rd Battalion.
 Transport—3rd Battalion.

4. FOURTH DIVISION.—Stationed at Ma-ch'ang, Hsiao-chan, and Hian-liu-shu, Chihli Province.

Infantry	{ 7th Brigade	{ 13th Regiment.
		{ 14th Regiment.
	{ 8th Brigade	{ 15th Regiment.
		{ 16th Regiment.

Cavalry—4th Regiment.
 Artillery—4th Regiment.
 Engineers—4th Battalion.
 Transport—4th Battalion.

5. FIFTH DIVISION.—Stationed at Wei Hsien and Chinan-fu, in Shantung Province.

Infantry	{ 9th Brigade	{ 17th Regiment.
		{ 18th Regiment.
	{ 10th Brigade	{ 19th Regiment.
		{ 20th Regiment.

Cavalry—5th Regiment.
 Artillery—5th Regiment.
 Engineers—5th Battalion.
 Transport—5th Battalion.

6. SIXTH DIVISION.—Stationed at the Nan-yuan, in Shunfien Prefecture (Chihli), and at the Nan-haitzu (Southern Hunting Park).

Infantry	{ 11th Brigade	{ 21st Regiment.
		{ 22nd Regiment.
	{ 12th Brigade	{ 23rd Regiment.
		{ 24th Regiment.

Cavalry—6th Regiment.
 Artillery—6th Regiment.
 Engineers—6th Battalion.
 Transport—6th Battalion.

7. SEVENTH DIVISION.—Stationed at Kiaug-peh.

Infantry	{ 13th Brigade	{ 25th Regiment.
	{ 14th Brigade	{ 26th Regiment.
		{ 27th Regiment.
		{ 28th Regiment.
Cavalry—7th Regiment.		
Artillery—7th Regiment.		
Engineers—7th Battalion.		
Transport—7th Battalion.		

8. EIGHTH DIVISION.—Stationed at the Provincial Capital of Hupei.

Infantry	{ 15th Brigade	{ 29th Regiment.
	{ 16th Brigade	{ 30th Regiment.
		{ 31st Regiment.
		{ 32nd Regiment.
Cavalry—8th Regiment.		
Artillery—8th Regiment.		
Engineers—8th Battalion.		
Transport—8th Battalion.		

9. NINTH DIVISION.—Stationed at the Provincial Capital of Kiang-ning.

Infantry	{ 17th Brigade	{ 33rd Regiment.
	{ 18th Brigade	{ 34th Regiment.
		{ 35th Regiment.
		{ 36th Regiment.
Cavalry—9th Regiment.		
Artillery—9th Regiment.		
Engineers—9th Battalion.		
Transport—9th Battalion.		

10. TENTH DIVISION.—Stationed at the Provincial Capital of Fukien.

Infantry	{ 19th Brigade	{ 37th Regiment.
	{ 20th Brigade	{ 38th Regiment.
		{ 39th Regiment.
		{ 40th Regiment.
Cavalry—10th Regiment.		
Artillery—10th Regiment.		
Engineers—10th Battalion.		
Transport—10th Battalion.		

C. Skeleton Units.

1. Stationed at the Provincial Capital of Hupei.

Infantry—21st Brigade	{ 41st Regiment.
	{ 42nd Regiment.

2. Stationed at the Provincial Capital of Kiangsu.

Infantry—23rd Brigade	{ 45th Regiment.
	{ 46th Regiment.

3. Stationed at the Provincial Capital of Hunan.

Infantry—25th Brigade	{ 49th Regiment.
	{ 50th Regiment.

4. Stationed at the Provincial Capital of Kiangsi.

Infantry—27th Brigade	{ 53rd Regiment.
	{ 54th Regiment.

5. Stationed at the Provincial Capital of Honan.

Infantry—29th Brigade	{	57th Regiment.
Cavalry—15th Regiment.	{	58th Regiment.
Artillery—15th Regiment.		
6. Stationed at Provincial Capital of Anhui.

Infantry—31st Brigade	{	61st Regiment.
	{	62nd Regiment.
7. Stationed at the Provincial Capital of Szechuan.

Infantry—33rd Brigade	{	65th Regiment.
Engineers—17th Battalion.	{	66th Regiment.
8. Stationed at the Provincial Capital of Hsin Chiang (Chinese Turkestan).

Infantry—35th Brigade	{	69th Regiment.
	{	70th Regiment.

NOTE TO SECTIONS B AND C.

To the foregoing must be added the Canton Division, which has just been placed under the Lu Chun Pu; it has but one brigade as yet fully organised.

All the foregoing units are short of their authorised strength, except the 3rd and 4th Divisions, which are only slightly below their complement; the 5th also is fairly near its proper number.

It has been arranged to give the new Lu Chun Pu the control of the 1st, 3rd, 5th, and 6th Divisions on Chinese New Year's day; Yuan Shih-Kai retains the 2nd and 4th Divisions under his immediate authority for a few months, when they also go to the Lu Chun Pu.

D. Armament.

1. The principal kinds of rifles used are :—
 - (a) 1888 model, Mauser rifles and carbines made abroad.
 - (b) 1888 model, Mauser rifles and carbines made in China.
 - (c) 30th year Meiji Japanese rifles and carbines made in Japan.
 - (d) Mannlicher rifles.
2. The artillery pieces most employed are :—

German-made 75 mm. Krupp field guns (various dates).
 German-made 57 mm. mountain guns (various dates).
 Chinese-made 57 mm. mountain guns.
 75 mm. Japanese field guns (made in Japan).
 75 mm. Japanese mountain guns (made in Japan).
 75 mm. Creusot field guns (made in France).
 Vickers-Maxim guns, and many others.
3. Each Division aims at having 54 guns, of which 36 are field and 18 mountain; that is, one regiment of three battalions of three batteries each, each battery having six guns.

This memorandum allows the military reader to understand exactly how much has been done in China during recent years. Up to the time it was drawn up (*i.e.* just before the great autumn manœuvres of 1906) provision had been made for

the creation of eighteen major units or divisions, divided up on the Japanese-German brigade and regimental system and therefore comprising thirty-six infantry brigades or seventy-two regiments (making a total of 216 infantry battalions, seventy-two squadrons of cavalry, and one hundred and fifty-two batteries of artillery). Of these corps ten divisions were almost complete before the end of 1906, while eight divisions consisted merely of skeleton corps. Shortly after the memorandum was drawn up, the organisation of an additional division was begun in North China by Yuan Shih-Kai, making the seventh division in North China; while the Canton division, several battalions of which had already been recruited, was also comprised in the general scheme, being designated No. 20, and was ordered to bring the skeleton regiments up to full strength as quickly as possible. Further, the transfer of troops to Manchuria began on a big scale in April, 1907, and will now be followed by the creation of new corps. Probably four divisions will at first be detailed for duty in Manchuria; and it may therefore be assumed that the immediate work of the Lu Chun Pu, or Ministry of War, will be the completion of an army of twenty-four divisions, which will number some 300,000 men of all arms on a peace footing and which will possess, when the artillery parks have been fully organised, no less than 1216 field and mountain guns.

But before even this modest result can be arrived at—modest in view of the fact that China's popula-

tion exceeds the populations of Russia, Germany, Austria, Great Britain, France, and Italy added together—the difficulties to be surmounted are very great. In the first place, apart from the fact that the upkeep of a modern Chinese field army of 300,000 men would entail a minimum annual expenditure of forty million taels, the provision of a uniform and effective armament for such a body of men calls for an initial capital expenditure of some twenty-five million taels, while arsenals, storehouses, ammunition, and other reserves demand an additional twenty-five million taels. It is impossible to see whence such relatively large sums are to be drawn in the two categories of recurring and non-recurring expenditure, unless *pari passu* with military reform comes fiscal and general financial reform. Yet up to the present the only reform which seems to have taken definite shape is the resolution to abolish the use of opium during the next ten years, a step which so far from increasing the revenue of the country will cause an annual net loss of twenty million taels to the imperial and provincial treasuries.¹ From one point of view, therefore, this is a step in the wrong direction. Yet, as has been said, large sums of money are absolutely necessary for the new Chinese armies. The infantry are now armed with four kinds of rifles, the best of which is a twenty-year

¹ In this connection it may be mentioned that it would appear from certain special Chinese Customs reports that clean-handed administration might be the means of giving forty per cent. more revenue per annum.

old Mauser (1888 model). The artillery varies from excellent Krupp and Creusot field guns of the years 1904 and 1905 to Chinese-made mountain artillery of doubtful efficiency, and discarded Japanese weapons worn out through service during the late war. The purchase of cavalry mounts and artillery and transport animals calls immediately for the expenditure of several million taels; while with the exception of the two Yangtze arsenals—the one at Shanghai and the other at Hankow—there is not a single establishment in all China's two million square miles of territory capable of turning out effective firearms or ammunition.

It will thus be seen that many chasms have still to be spanned, and that as yet there are no clear indications where materials suitable for permanent bridge-work can be obtained. Without the necessary sinews of war, armies soon fall into those dwindling masses of men which are redoubtable only internally, and have no international importance; and although by the end of 1906 at least 180,000 men had been raised for the "new armies," it was then known that already the pay of some divisions was in arrears and that the regimental accountancy was very doubtful. In other words, although immense forward steps had been made, the defects which are still so evident in the Turkish army were to be seen in the new Chinese forces. Nominally, as has already been said, the new corps are all composed of conscripts, recruited on a three years' system, who pass on completion of their service with the

colours into the reserve of the active army, then into the *Landwehr* and finally into the the *Landsturm*.¹ But since no universal conscript law has been passed in China and cannot be passed for very many years to come, if ever—the number of young men annually liable for service would be not very much less than five millions—the so-called conscripts of the Lu Chun are really voluntary recruits of the Anglo-American type, who are paid about fifteen shillings a month, instead of the miserable pittance which is awarded to recruits in countries where universal service obtains. The minimum annual cost of a division of Chinese troops numbering some 12,500 men of all arms is therefore some £300,000 sterling in pay alone—a very great outlay in Eastern countries—and necessary contingent expenses would considerably increase even this relatively large total. Thus the annual field manœuvres, which the Central Government deem essential in order to stimulate zeal and inspire competition in the provinces, cost upwards of two million taels; while the necessity of suddenly arming and equipping large bodies of men compels large orders to be placed abroad which are too often marked by extortionate prices owing to the existence of contractors' "rings."

Enough will now have been said to make clear the fact that the financing of these new forces is a

¹ The exact terms of service are as follows :—

Three years in the Active Army; three years in the First Reserve; four years in the *Landwehr*; five years in the *Landsturm*.

matter of great and growing difficulty, and that the provision of permanent ways and means is of far more importance for the moment than the precipitate raising of fresh bodies of troops. For many of the new corps are far below the standard which they must attain if they are to have any international importance ; and the clock-work manœuvres which they are able to perform both in sham battles and on parade grounds do not impress one in the same manner as did the efficiency of the German-drilled battalions of a few years ago. For it is the Japanese who have had most to do with the rapid drilling of many of the new corps. This has been specially noticeable in units raised in Hankow or the upper Yangtze, the Viceroyalty presided over by the aged Chang Chih Tung, as many as seventeen Japanese commissioned and non-commissioned officers clothed as Chinese having taken part in the autumn manœuvres of 1906. The telegraphic mention of this important fact by English correspondents on the spot is understood to have caused much chagrin to England's ally, as secrecy had been aimed at. The work done by these men is admitted by competent military experts to be poor compared with the work formerly done by the German drill-masters. The officers and the men drilled are taught to be mechanical to a point approaching absurdity in these days of loose formations, and the singular genius, which the Chinese possess in common with the fighting races of India, for taking cover and for adapting them-

selves to their immediate surroundings, is rendered valueless.

Thus in addition to her many other difficulties China has the difficulty of discovering the military system best suited to her needs. That it must be something different from the Japanese system seems clear. Already Chinese newspapers have not hesitated to state that Japan could teach much more, if she desired, and that she merely hopes to find in China an ever-ready market for her discarded rifles and field guns. So irritated have the Chinese officials become at these suggestions that on a recent occasion, before completing the purchase of a consignment of Japanese artillery, they ordered the carrying-out of a series of tests so severe as actually to endanger the lives of the gunners. Again, in those corps which have hitherto been under Viceroy Yuan Shih-Kai's control large orders for clothing were given to Japanese firms only to be "jobbed" in the most unworthy manner. It is most probable, therefore, that China will once again turn from Japan to other countries. She has tried German drill-masters and Japanese drill-masters, English guns and French guns; and at the moment of writing a large party of military students has just proceeded to France to serve in the ranks of the French army, in order to be able to compare the merits of such a training with that obtained in the Tokyo Military Academies. Obviously China still considers that she can afford to be eclectic for several years to come.

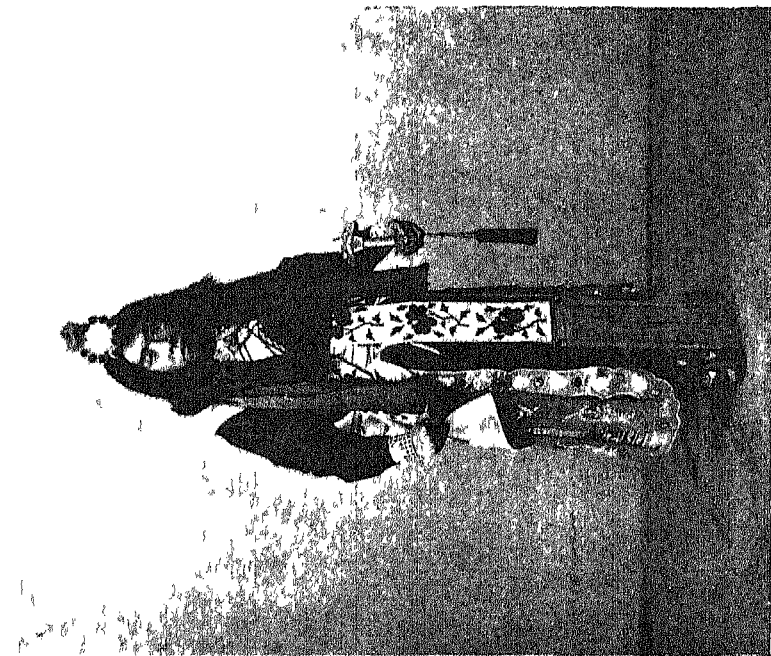
Still the very existence of the intense rivalry be-

tween the great officials, to which reference has already been made, will tend to hasten the creation of armies, which if greatly lacking in uniformity of system, armament and equipment, will still mark an immense advance on any previous regular forces possessed by China. There are no less than five Viceroys who may be counted on to compete with one another from month to month in the raising and drilling of powerful corps. These are Yuan Shih-Kai of Chihli; the Manchu Viceroy Tuan Fang at Nanking; Chang Chih Tung at Hankow; the Canton Viceroy; and the new Viceroy of Manchuria. So far Yuan Shih-Kai has outstripped his competitors, as he has raised and equipped no less than seven divisions. But by 1908 the vigorous Manchu Viceroy at Nanking will have completed the organisation of the five divisions already existing as skeleton corps in his Vicerealty; and as within his jurisdiction lie three provinces possessing a total population of nearly eighty million people, within the next five years his energy may produce even better results than those achieved by Yuan Shih-Kai, for when the twenty-four division standard has been attained by 1908 or 1909 and the Ministry of War prepares the final plans for expanding the existing system to its maximum strength, the Nanking Viceroy will have the opportunity of creating special fortress and other corps. Including the three Manchurian provinces and Chinese Turkestan, the maximum strength at present contemplated is forty-four divisions; and if China can raise, arm, and equip such a great field-

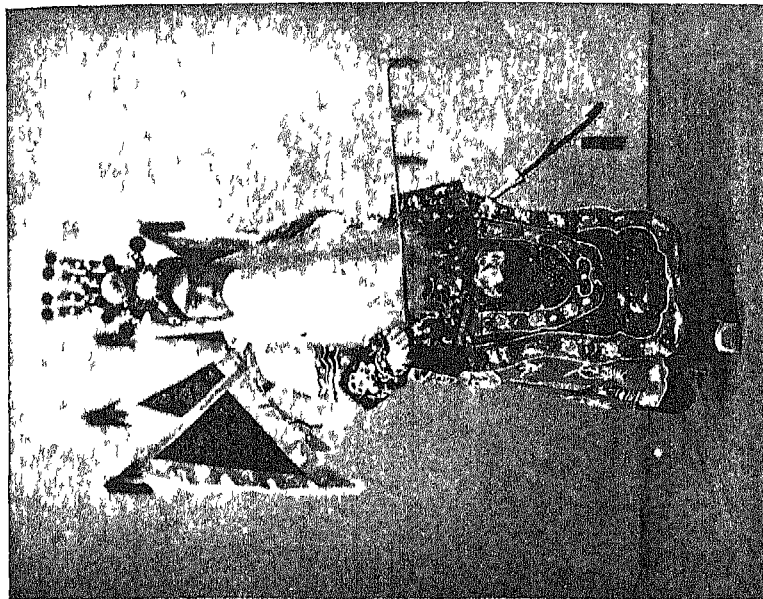
army she will be able to resume the position she occupied during the earlier part of the nineteenth century, before England had begun pricking the bubble by the Canton wars.

It is interesting to draw attention here to a fact which is but little appreciated to-day, even in China itself. This is that the office of Governor-General, or Viceroy, the highest office in the Chinese territorial system, was originally a purely military post occupied by a trusted official of the Peking Court for the purpose of controlling the provincial governors. The provinces were generally linked together in pairs so that the Governor-General, or Viceroy, might be able to throw the forces of one province against those of the other in case of disloyalty to the Throne; but in two instances, the provinces of Chihli and Szechuan, Viceroys were appointed over each single province, because in the first-named it was the special duty of the Governor-General to protect the Court and the Throne, and because in the second savage aborigines, such as the Miaotzu tribes, occupied all the mountain fastnesses, and the entire Chinese population had consequently to be kept on a quasi-war footing in order to be prepared to resist attacks and to push forward the invading line of Chinese colonisation.

In the natural course of events this office of Governor-General, or Viceroy, diminished in military importance as centuries went by; but up to the time when the last purely Chinese dynasty, the Ming dynasty, was thrown down by a succession of terrible



WARRIOR OF THE PURE CHINESE AGE.



ACTOR DRESSED AS AN INVINCHIE WARRIOR OF THE
GOLDEN AGE

rebellions (thereby permitting the Manchus to march in and proclaim themselves successors to the vacant throne), it was generally understood that the Viceroy still occupied a military office and personally led his provincial levies into battle. The entire conquest of China by the Manchus in the course of eighteen strenuous years necessitated the appointment of new supreme commanders to the territorial forces ; and thereupon a number of Tartar Generals, or Manchu military officers, were distributed over the Empire in command of strong Manchu occupation corps.¹ These Tartar Generals, usurping much of the former military power of the old Viceroys, were inclined to promote the disbanding of the Chinese levies, and Chinese officials were only allowed to command policing forces of doubtful efficiency in order that they might not be in a position to combat the pretensions of the new sovereigns.

But by the time of the Taiping Rebellion of half a century ago the Manchus had completely lost their great military hold, and it was mainly the armies from the Hunan provinces, under the famous Tseng-kuo-fan, that finally defeated the Taipings and saved a tottering throne. With the developments which have already taken place, there is now reason to believe that the abolition of the Tartar Generals is imminent all over China. This would be a step of

¹ It is an interesting fact that at such a southerly point as Canton the Manchu garrison is still maintained, and consists of the descendants of the original garrisoning force of two and a half centuries ago. These men and women sedulously preserve their native speech and customs and live apart from the native population.

the highest significance and would restore entirely the old military aspect of the office of Viceroy. It is being delayed only because of the new revolutionary propaganda, which is frankly anti-Manchu ; and for this reason, although Peking is prepared to be far less conservative than is generally supposed, excessive caution must be observed in removing any of the outward and visible signs of the Manchu sovereignty, until the reorganisation of the official system is complete and the Peking Ministry of War has succeeded in evolving a *régime* which will be able to control and pay all the new territorial forces. The restoration of the Viceroys of distant provinces to something of their former military power cannot, however, be much longer delayed, for although they will then be the lieutenants of the Peking War Minister, it will largely depend on their energy and loyalty how far and how quickly his plans are put into operation.

It is time now to return to our main subject—the present condition and future prospects of the new Chinese army ; and in spite of the criticisms made by European observers on the autumn manœuvres of 1906, the fact remains that the general military organisation in China is now undoubtedly far better than it has ever been before. At such places as Kiukiang, Chinkiang, Soochow, and Foochow, the writer has recently seen battalion after battalion (each the nucleus of a future divisional organisation) turn out relatively speaking well-clothed, well-armed, and exceedingly well-drilled. These troops are all modelled on what may be called the Yuan Shih-Kai

pattern—that is, they are dressed and drilled in exactly the same way, and have northern drill-sergeants who have served for some years in Chihli province, and who have succeeded in imparting to their men much of the military spirit now so conspicuous north of the Yellow River. There is no doubt that through the agency of the new conscript army Peking may regain much of its lost authority and be able to institute wholesale reforms which it would not dare to order were there not large forces of loyal troops ready to carry out its behests. It is already conceded, even by the most pessimistic critics in China, that the new troops are sufficiently numerous and sufficiently well organised to crush any rebellion, no matter how many provinces might be involved, unless there is a far-reaching conspiracy among the higher officials; and it may therefore be said that for the first time for nearly a century China is competent to police efficiently her whole Empire. This must be counted a very fair result, since it has been attained less than seven years after the great Boxer upheaval; and if during the next septennial period China succeeds in creating a force able, for instance, to convince the occupants of Manchuria that she is in a position to resume the complete mastery of her outlying territories, a new series of evacuation treaties may have to be executed.

This question of the new Chinese army is, therefore, one of international interest. It is a significant fact that the Throne has just sanctioned the spending

by the War Ministry of the Newchwang Customs revenues, impounded during the occupation-period and now restored to China, in the building of military colleges capable in the first instance of receiving one thousand military cadets and of raising this number to four thousand within a year or two. Nearly half a million sterling will be expended in this work as quickly as possible—the money is lying ready at the banks—and the reorganised Ministry of Finance has been ordered to provide a further sum of £200,000 sterling per annum for upkeep expenses. There is thus an absolute promise that China will possess within the next seven or eight years a very strong and well-instructed corps of officers, numbering many thousands of young men. If arsenals can be provided on a scale commensurate with the great requirements of the day, another forward step of importance will have been taken ; and it would be well if those British groups which have been so anxious to obtain in Japan a foothold for the manufacture of guns and explosives would remember that in China a vast and unexploited field exists, which even with the stern Chinese resolution of the hour to have nothing to do with European co-operation, may yet be tapped by a patient diplomacy, if it is undisfigured by attempts to secure abnormal profits of the nature which has really been responsible for much of the present Chinese “rights-recovery” movement.

Turning from the army to the navy, it may be said that China has very wisely not attempted the

costly and almost impossible task of re-creating her navy at a time when her army plans require so much more development. Certain principles which call for commendation would appear, however, to have already been adopted. The first is, that it is necessary to create a water-policing force of modern and powerful gunboats and small protected cruisers, which will do away with piracy in the Canton river delta and effectively police the thousand miles of Yangtze river now overrun by European warships. The creation of a corps of well-trained naval officers is also held necessary ; and already a certain number of Chinese midshipmen have been placed on British warships by special permission of the British Government, and a large number of others despatched to Japanese Naval Academies ; whilst a plan is said to have been elaborated which aims at obtaining permission for regular drafts of Chinese youths to be sent on board British training-ships. Thus during the next few years there should be created the nucleus of a future Chinese navy : and the existence of an efficient squadron of twenty or thirty modern cruisers and gunboats, well-officered and well-manned, will allow a battle-fleet programme to be drawn up with a greater chance of success than has ever been possible heretofore.

Unfortunately whilst progress has to be noted both in the army and the navy, in the equally important matter of railways but little advance has been made towards the solution of the difficulties fully detailed in former volumes. After China has

tried every manner of building railways except the right one, it is doubtless only natural that there should come the present hiatus, and that lines such as the important Tientsin-Chinkiang trunk railway and the Canton-Hankow railway should still remain only "projected." The provinces and the Central Government are alike firm in their resolve that European syndicates shall not be given thirty-six year concessions of the old model; but as they are without means to build lines themselves, many months have been wasted in vain *pourparlers* as to how the several thousand miles of projected railways are actually to be dealt with. It is true that the important Hongkong-Canton railway has now been forced through, and that one of the greatest of British overseas *entrepôts* for trade will at last be linked up with the rich centre of Canton. But other lines, not less important to the welfare of China, are held in abeyance; no agreement as to their construction can be reached for the time being.

Here it should be remarked that European concessionnaires, including British concessionnaires, are largely to blame in that they have killed the goose which laid the golden eggs. The whole system of railway building adopted in China has been bad from first to last, for the simple reason that no effective control has been exercised by the Chinese Government over the European syndicates, and construction expenses have too often been made simply enormous, so as to allow commissions of inordinate size to line the pockets of those who

have been successful enough to receive a building concession. In no other part of the world would syndicates have been permitted to float loans without first submitting to the Government of the country definite surveys and building tenders which would afford a check on capital expenditure and make the concessionnaires—and not the Government—liable for any expenditure not expressly specified in the final contracts. In the case of the Shanghai-Nanking Railway, the original estimates have been exceeded by nearly three quarters of a million sterling ; and as the Central Government has been furnished with alleged proofs of the manner in which excess sums of this kind have been swallowed up, it is in no mood to grant fresh contracts until it is convinced that a game of beggar-my-neighbour is not in progress.¹ The Chinese state that the difference between British and Continental syndicates has been only in the quality of the building work. The system of accountancy has been highly defective with all alike ; and financial groups in Europe would do well to understand that no longer are there abnormal profits in commissions and charges to be made in Chinese railway contracts such as those which have now created universal suspicion regarding the *bona fides* of tenderers, no matter of what nationality.

In spite, however, of the present continuance of the

¹ It is only fair to note, in the interests of the concessionnaires of the Shanghai-Nanking Railway, that the great excess in capital expenditure is alleged to have sprung from the desire of the Chinese directors to benefit by the purchase of railway land.

railway-building deadlock, signs are not wanting that things will very shortly begin again to move along the line of least resistance. In other words, suggestions already thrown out by disinterested parties will be acted upon by the Chinese, and building and financing contracts, as two separate operations, will soon become the order of the day. Building contracts may then be very extensively given to European railway contractors, if they are willing and financially able to construct large sections of railway on a fixed mileage estimate, and to hand over section after section of the completed track to the Chinese Government, without retaining any interest whatsoever in the operating of the line, as soon as sterling loan arrangements have been completed and payment made either in negotiable interest-bearing bonds or in cash. This system, which suggests itself naturally to everyone and which is the only sound system, has been the one above all others which in the past European concessionnaires have tried to avoid. Its adoption will put an end to the pernicious system whereby financial groups of men and interests, which have primarily nothing to do with railway building, come into the market and seek to exploit the Chinese to the best of their ability, thus raising to an absurd figure the capital cost of all railways built and retarding progress by bringing the gross total of the railway loans to a very high amount.¹

¹ It is worthy of note that two existing railways—the Peking-Tientsin system and the Hankon-Peking line—now give the Govern-

It may be taken for granted, then, that the Shanghai-Nanking railway and the Canton-Kowloon railways—those long-delayed Anglo-Chinese lines, the preliminary concessions for which were obtained nearly a decade ago—will be the last to be built on the old “concession” system, and that railway contractors will now come boldly into the market as builders and submit definite tenders for purely building contracts. That procedure of the sort is urgently needed is proved by the startling fact that including the Manchurian railways, which are held in mortmain by two potential enemies, there are less than 5,000 miles of completed single-track railway in China, and that 20,000 more must be built during the next two decades if China is to regain her real autonomy. The Canton-Hankow railway, for instance—a railway of immense strategical, political and commercial importance, which, when completed, will bring Peking within three days of South China—is to-day in much the same position as it was three years ago. Its construction is tied up first by the inability of the thousands of Chinese shareholders to agree amongst themselves as to the *modus operandi* to be adopted; second by their inability, once an internal

ment handsome profits. In the case of the first-named railway, the gross earnings amount to nearly £1,400,000 annually; in the case of the second to about £600,000. Of these two millions sterling not more than thirty per cent.—or at most thirty-five per cent.—is swallowed up in working expenses, loan accounts, etc.; the balance remains to the credit of the Chinese Government. With this balance the Government is already constructing two new lines, and this policy will be steadily persisted in.

agreement has been reached, to raise several millions sterling in cash; and third by their inability, once those millions sterling of Chinese money have been collected, to build the line satisfactorily without foreign help, foreign materials, and foreign skilled labour.¹ It is true that there is a steel works in Hankow where rails are turned out in small quantities; it is also true that there is a locomotive and railway carriage works, under British superintendence, at Tongshan, on the Tientsin-Newchwang line. But the idea that these necessarily modest establishments can do the giant's work now called for in China, is simply a figment of Chinese imagination. Yet the same cries are still doggedly uttered at Chinese shareholders' meetings; and the vernacular press, largely inspired from immediately across the Yellow Sea, is as stubborn as ever in its belief that the gospel of "China for the Chinese" will best meet with general acceptance, if it is combined, not with wholesale modernising through the use of every means which may come to hand, but with a rejection on principle of everything European, with a feigned horror of the white man and all his works, and with hysterical applause of the faintest signs that the Chinese are really waking up of their own initiative. This is a situation which can only be modified by a policy of give-and-take on both sides. Each new development should be separately dealt

¹ It is now stated that the Canton-Hankow Railway has begun to make progress. More money has been collected and construction is making some headway.

with ; and hand in hand with the adoption of methods which would invite instant approval in Europe, a little more attention should be paid to the susceptibilities of an admittedly admirable people, who are now merely giving voice for the first time to the anguish caused to their national pride by the palsy of the Central Government at a time when the threatened break-up loomed nearer and nearer, and the foreigner seemed to twitch his fingers over the broken pieces which he thought would soon be his.

CHAPTER III

THE INTERNAL CONDITION OF CHINA

SOME six years have now past since the Peace Protocol of 1901—the Boxer Settlement—was duly signed, and definite stipulations were entered into by the various Powers to do a large number of things in China. Two years have also gone by since Russia and Japan sheathed their swords, and the world exclaimed that all was at length well in the Far East, and that the real opening of China would now proceed apace. Yet it must be borne in mind that even at this date (1907) the very annexures of the 1901 Settlement have not yet been completed, and that consequently, if the present rate of progress is not increased, the question of the renewal of the Anglo-Japanese Alliance will come round again before Chinese fiscal and revenue reform has been sufficiently thoroughly taken in hand to justify any large and important modifications in those international arrangements which have for their object the adjustment of the balance of power in Eastern Asia. In other words, China will not have

made sufficient progress to warrant any departure being made from the present questionable *modus vivendi*, and therefore the existing "most-favoured nation" policy will have to continue. It is accordingly to the advantage of certain Governments, on the one side, to have the present situation indefinitely protracted; while on the other side, the Chinese Government—always more solicitous of to-day than of the morrow, after the manner of weak and opportunist administrations—is still inclined to view with some disfavour and suspicion those who insist too much on the importance of being earnest and speedy. The forward march is therefore hampered in many peculiar ways both from within and from without.

Nothing so illustrates this as the position of the mining industry; and four specific cases may be given as examples. The first of the many mining schemes actually to mature was that of the well-known Peking Syndicate. In 1898 an Italian gentleman of pronounced diplomatic genius succeeded in securing a concession which practically gave him and his associates the exclusive right for a large number of years to mine in the metalliferous areas of the two rich provinces of Honan and Shansi—provinces in which, according to the authoritative work of the scientist-traveller, Baron von Richthoven, iron-ore and coal reserves exist sufficient to supply the entire world for 2000 years. The prospects of the venture were thus exceptionally alluring, for seldom has any enterprise

secured such rights as those nominally held under legitimate contract by the Peking Syndicate ; and it is therefore little wonder that extraordinary reports found ready credence and that stock exchanges quickly responded in soaring prices. Unfortunately disturbed conditions in China did not permit operations to commence in this vast field much before the year 1902 ; and then a good deal of time was spent in preliminary investigations. Things had just taken definite shape before the late war, and the Peking Syndicate, having selected a coal-field in Honan whereon to begin operations, began putting down bore-holes to prove the coal-measures. At the same time a branch railway was commenced—under the original contract the Syndicate had authority to build branch lines connecting the coal- and iron-fields with the water routes of Central and Northern China—and, although nothing completely justifying the extravagant hopes at first held out was discovered, progress was made. The branch railway, leading from the coal-fields to the river and canal system of Northern China, was soon completed and, although there was not much coal to carry, there were plenty of native passengers. The passenger-traffic indeed presently became sufficiently brisk to attract the attention of the Chinese Government, which took the strongest exception to this use of the line. It argued that this branch railway had only been permitted as a necessary adjunct to mining, and that to use the line simply as a revenue-earner pending the opening of mines and the marketing of minerals, was a

breach of contract. Accordingly, after some further negotiations, the Syndicate consented to sell the line to the Chinese Government at a handsome profit, payment being made in £750,000 worth of five per cent. Chinese Government bonds. Meanwhile shaft-sinking had been actively continued, and presently it was definitely established that profitable mining in this particular locality was not practicable; although coal was there, the company had been unlucky enough to sink on an immense "fault" in the coal formation. Thus, some seven or eight years after the golden dreams had seemed so near realisation, the Peking Syndicate, with its capital of a million sterling, had done nothing more than build a ninety-mile railway and sell it to the Chinese Government.

In 1905 and 1906 new factors began to make their appearance. The Chinese of Honan and Shansi, educated to the new nationalism by the cries of "China for the Chinese" resounding all over the Empire, showed unmistakable signs that the idea that a foreign concern should possess a long-period monopoly in all sorts of mining in their provinces was repugnant to them, and could no longer be seriously entertained. They therefore commenced to agitate, and were considerably aided by a genuine movement on the part of the Chinese coal-miners in Honan. For the Chinese have been busily engaged for centuries in working the coal outcrops which occur in Honan as well as in many other parts of China. By means of shallow pits and clumsy contrivances for dealing with surface water, they have

been able to extract considerable quantities of coal from each working before they have been overwhelmed by the inflow of water. This shallow pit-mining has been very economical, and coal in the immediate neighbourhood of such workings has therefore been inordinately cheap. It was consequently only natural that the Peking Syndicate should become alarmed at this Chinese competition—which it argues is illegal, although it has always existed—whilst the small Chinese owners were no less convinced that the alien concern was only intent on taking the bread away from the mouths of poor people by means of its wealth and foreign machinery and labour-saving appliances. Thus on both sides there was dissatisfaction, and the cries of the Chinese outcrop miners, added to those of the gentry and the officials, soon succeeded in producing on the field of operations something closely resembling a deadlock. Mining for iron-ore by the Syndicate in Shansi province, which should have been commenced long ere now, is indefinitely delayed; and the Chinese, firm in their knowledge that procrastination must gain them something in the end, continue to procrastinate in spite of all threats. The present position of the Peking Syndicate, then, nearly a decade after the first subscriptions were paid in London, is one of open deadlock, which is serious and harmful to all concerned.¹

¹ In addition, it is now stated that the original contract of the Peking Syndicate is defective, inasmuch as the English and Chinese texts differ in some essential particulars and it was unfortunately never agreed which text was to be the authoritative one.

The second case which it is interesting to quote is one into which new elements enter, and which, in spite of the fact that work is actively proceeding and dividends are still being paid, may within a few years be in the same position as Peking Syndicate to-day, unless entirely new arrangements are made with the Chinese. This is the case of the well-known Chinese Engineering and Mining Company, a case which has recently been dragged through the London law courts without any very tangible results. The facts merit rapid recital. A quarter of a century ago the famous Li Hung Chang, then Viceroy at Tientsin, decided to open some coal mines a few score miles north of his Viceregal seat. Work was commenced, a short tram-line laid, and from these small beginnings gradually sprang the Imperial Northern Chinese Railways and the great Kaiping coal mines, now producing upwards of a million tons of fuel a year. In 1900, during the crushing of the Boxer outbreak, foreign troops belonging to the various European contingents occupied these coal-mines, as well as different sections of the Northern Chinese Railways. Russia was particularly aggressive and to be feared at the time; and it seemed as if the Kaiping mines might be permanently occupied by Russian troops. Accordingly, as some time prior to these events negotiations had been entered into with certain British interests to supply the capital necessary for a considerable extension of the coal mines, it was not hard work to convince the Chinese Director-in-Chief, a certain unlucky official named

Chang Yen Mao, that the time had arrived when rapid action was necessary to save the mines from being absorbed by Russia. While assenting to the principle that British influence would be useful at this juncture, Chang Yen Mao was not prepared to accept lightly the sweeping contract laid before him for signature. Some time passed in fruitless representations, and at last the agents of the British firm in question, determined to force an issue at all costs, spent a whole day in the employment of every species of argument to gain their point. At night-time the unlucky Chinese Director-in-Chief succumbed, and put his hand and seal to a document which by Chinese law he had no authority to sign but which was binding under English law.

The worst fears of Chang Yen Mao were quickly justified. As soon as things had settled down in China, he learned that by a series of adroit moves in Europe, the Kaiping mines had been registered in London as a limited liability concern under the sonorous title of "The Chinese Engineering and Mining Company, Limited"; and that the capital had been fixed at a million sterling, with half a million sterling of six per cent debentures. In order to secure this capital the London promoters not only had to proceed abroad—to Brussels—but also had to give away a quarter of a million sterling in shares as a bonus to debenture subscribers; whilst, with the exception of £375,000 which went to Chinese shareholders in the form of a new scrip in exchange for the old, the rest of the shares were issued "for

considerations other than cash." Thus quasi-British protection had been secured at the cost of a cool million sterling or more.

Other complications soon appeared. Although the company was legally British, it was in reality Belgian, owing to the fact that Brussels had found ready money when London would have nothing to do with the affair. There were therefore two Boards of Directors—one at Brussels and one at London—and as the Chinese had to be placated after such unmerciful treatment, there soon appeared a third Board, the China Board, which had nominal control but which was dependent on the London Board, which again was dependent on the Brussels Board. The Chinese, whose real aim had been to mortgage the mine-properties for a large cash advance, thus found themselves in an entirely different position. They had lost the properties for good and all, unless the sale-contract could be upset. The unlucky Chang Yen Mao—his life openly threatened as soon as the Court Party and Peking officialdom understood what had been done—begged for a chance to retrieve his fallen fortunes, and was granted an Imperial Rescript ordering him to proceed to London to recover what had been lost. Unfortunately in this case English law is English law ; and failing the establishment of the fact that fraud or force had been employed, there was no means of upsetting what had been done. Chang Yen Mao accordingly returned to China a broken man. Since then the declared

policy of the Chinese has been this: that in no circumstances will the Engineering and Mining Company be granted fresh title-deeds for adjacent lands. No sinking of new shafts can therefore be undertaken. It is calculated that in four years' time the present levels will be worked out, and that it will be necessary to open new shafts in order to make mining profitable and to face the sharp competition in the form of cheap Manchurian coal. The Chinese will then have their opportunity, and will extort as hard terms as were extorted from them.¹

The third big mining case is that of the Anhui mines, of which Sir John Lister Kaye is the sponsor. These mineral deposits lying near the Yangtze river were leased to the concessionnaires on the specific undertaking that work would be commenced within a year. The Chinese allege that the time-limit expired without any work having been undertaken: the concessionnaires hold an opposite view. Without wishing to enter into the merits of the case, which has already come up in Parliament, it is sufficient to record the fact that the Anhui gentry living in the vicinity of the concession have suddenly become firm believers in the doctrine of "China for the Chinese," and that they absolutely refuse to co-operate with the London concessionnaires, even if forty per cent. of the initial share issue is placed apart for their subscriptions. They do not want mining

¹ Strong hopes are now expressed that a compromise may still be effected.

to be conducted on a European basis at all, and that is as far as they are prepared to go.

The fourth and last mining case is the successful one, and is therefore worthy of special notice. In this case Mr. Archibald Little, well-known as a pioneer of many years' standing on the upper Yangtze, organised, before leaving China, a limited liability company registered at Hong Kong under the Hong Kong Ordinances with a capital sufficiently modest to avoid creating the belief amongst ignorant patriots that the absorption of China was to take place. The company was to engage in coal-mining on the upper Yangtze. From its inception the enterprise has been essentially an Anglo-Chinese one, untainted by blatant promoterism and admitting Chinese not only "on the ground floor" of subscription lists, but to the chairs of its directorate, which is necessarily in China. The company is fairly launched and is quite unhampered by Chinese opposition; its success depends on mere mining and marketing propositions.¹

Here, then, are four cases illustrating practically

¹ It may be of interest if the scale of royalties and the ground-rent of this Anglo-Chinese Company are given. The system is clumsy and far too complicated, but its very stipulations show how the Chinese are attempting to safeguard their interests. The first payment is 2½ per cent. of the value of the gross output, to be paid as rent to the Chinese land-owning company; next a 5 per cent. royalty to be paid in cash, the value of the coal being fixed at the low figure of six shillings per ton; the next 8 per cent. goes to shareholders. Of the balance remaining 10 per cent. goes to amortisation of capital; 10 per cent. to reserve fund; 25 per cent. to further royalty; and the remainder in additional dividends to shareholders. The concession is for 50 years.

the only four possibilities of mining in China. In the first case, the concession is ten years old ; mining has been proceeded with but has met with no tangible success, and has created at last a most serious opposition. In the second case, Chinese mines have been purchased as a going concern under admittedly unfair conditions and the most hampering foreign control, and although so far successful have serious trouble ahead. In the third case a concession has been adroitly obtained after the age of concessions had obviously come to an end and has been left unworked until too late ; and the fourth case shows what can be done on the spot when everything is against anything at all being achieved. From a consideration of these cases may be deduced the conditions under which alone can successful mining be carried on in China in the future.

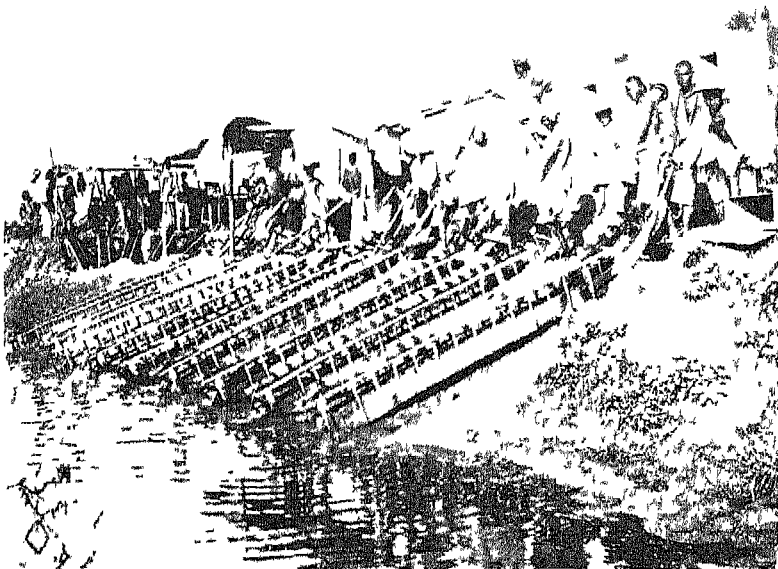
There is however no gainsaying the fact that although five years have now passed by since England led the way in signing the new Commercial Treaties called for by the Peking Protocol of 1901, the three main questions—likin and duty levying, currency reform and mining—have been left completely unattended, whilst numbers of other allied matters, such as the building of railways, have gone from bad to worse. It is impossible to imagine that another priceless period of five years is to be allowed to elapse without anything being done. But if action is to come, why cannot it come quickly—at once ? For whilst a continuous advance of a kind must undoubtedly be chronicled by the

rational student, such progress does not take place fast enough, does not possess adequate foundations, and does not succeed in burying the past sufficiently deep to make it impossible for reaction and unlooked-for disasters to sweep things back almost to the exact position in which they stood a decade ago. In a lumbering, protesting sort of way trade goes on steadily increasing; Europeans are acquiring greater and greater interests in open ports and sink larger and larger sums in highly remunerative investments; the Chinese are growing more and more accustomed to things about which they knew nothing a few years ago, and are beginning to buy such articles as machinery in very considerable quantities; and manufactures, with the aid of largely unskilled labour, are at last becoming profitable.

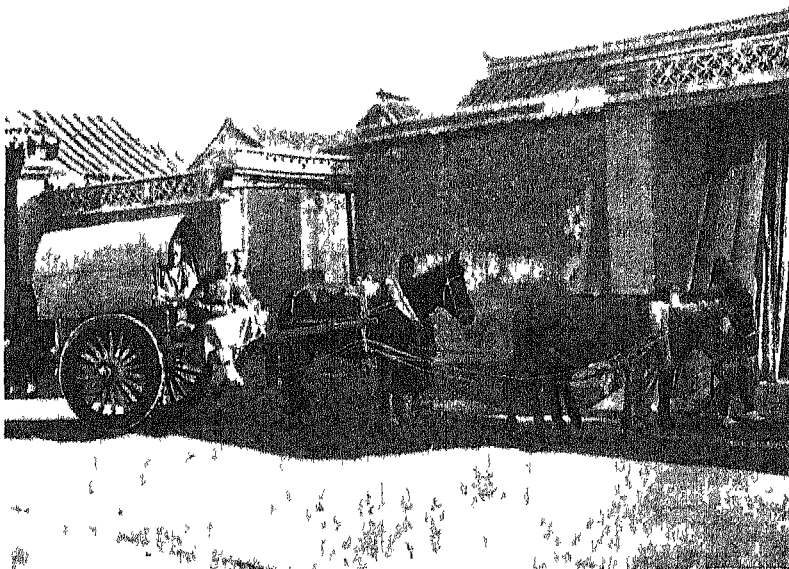
But still the real forward movement, the proper opening-up of the country by internal reform and not by external pressure, has as yet hardly commenced and indeed cannot properly commence until the new Commercial Treaties have been signed by all the Powers and actively put into force. The mere fact that the Chinese propose such an absurd programme as that which plans the building of all their railways without the aid of foreign capital is sufficient to react in an unwholesome manner economically. In a former volume it was pointed out that if the Indian railway system be taken as a standard, China requires 35,000 miles of main track, which at the minimum cost of £8,000 per mile

would involve the sinking of no less than £280,000,000 in capital expenditure. That China cannot find such a sum, even during the next half-century, is quite certain ; but the mere fact that she is attempting the impossible, and is tying up a few millions sterling in railway construction which she is not in a financial position to undertake, is unfortunate. For such sums of Chinese money as are lying idle are required to establish industries, which if once started would grow up naturally all over the country with the construction of railways ; such sums are too small for big work like railway building but are sufficiently large to lay the beginnings of a vast, if gradual, industrial movement.

As it is, enterprises such as cotton and flour-milling are already beginning to spring up in many parts of China ; and foreign-owned mills, which in the past have worked at a loss year after year, are now beginning to pay handsomely. Silk filatures fitted with the most modern plant are everywhere on the increase ; whilst small native-owned iron foundries and machine-shops, where work of all sorts is done by European machinery, are being established along coast, river and railway. All this growing activity is reflected in the net value of the foreign trade of the country, which, in spite of all the disadvantages under which it labours, has increased at least eighty per cent. during the decade 1896-1906 ; yet during this period there have been two wars, several famines, two rebellions and half a dozen smaller outbreaks, whilst Peking politics have constantly cast a



IRRIGATION BY MEANS OF A PRIMITIVE BUT EFFECTIVE SYSTEM



THE OLD AND DISAPPEARING—METHOD OF INTER-PROVINCIAL
TRAVEL IN CHINA.

shadow over the whole land. The manner in which the imports and exports of China have risen in the last ten years is shown by the following table :—

Year.	Net Imports Hk. Tls. †	Exports Hk. Tls. *	Total Hk. Tls. *
1897 . . .	202,828,625	163,501,358	366,329,983
1898 . . .	209,579,334	159,037,149	368,616,483
1899 . . .	204,748,456	195,784,832	400,533,288
1900 . . .	211,070,422	158,996,752	370,067,174
1901 . . .	268,302,018	169,656,757	437,959,675
1902 . . .	315,363,905	214,181,584	529,545,489
1903 . . .	326,739,133	214,352,467	541,091,600
1904 . . .	344,060,608	239,486,683	583,547,291
1905 . . .	447,100,791	227,888,197	674,988,988
1906 . . .	410,270,082	236,456,739	646,726,821

* Roughly speaking, 6 Hailwan or Customs taels make £1 sterling.

NOTE.—The above amounts do not include the value of goods carried coastwise, nor prior to 1904 did they comprise the whole extent of the foreign trade, inasmuch as there were vessels of Chinese type, which were not within the control of the Imperial Maritime Customs, plying between foreign and Chinese (both treaty and non-treaty) ports. From 1904 the whole foreign trade of China is included, with the exception of a small residuum carried in native craft between Formosa, Korea, etc., and a few non-treaty ports not under the control of the Imperial Maritime Customs.

If such results can be accomplished in a period during which adverse circumstances have crowded in on one another in the most surprising manner, it is not to be wondered at that there are optimists who affirm that by 1915 the total trade of China will be valued at £200,000,000, and that during the first half of the present century it may approximate the present trade of Great Britain—a thousand millions sterling per annum. The anxiety with which certain Powers are struggling to maintain the *status quo* until it is convenient for them to substitute something else, is therefore quite un-

derstandable ; and this anxiety is shared by the Chinese for a different reason.

In these circumstances it is interesting to push our examination one step further, but in order to do so it is necessary to examine the Customs Revenue return on the opposite page, which shows the position as it is at present.

This table shows that during the year 1906 China collected Customs dues and duties amounting in round numbers to thirty-six million Customs taels, or, say, six millions sterling. If the new Commercial Treaties were put in force, import duties would be raised from five per cent. to twelve and a half per cent. ; export duties from five per cent. to seven and a half per cent., whilst in the case of native inter-provincial trade carried on coastwise, an additional Consumption Tax would be imposed. Roughly speaking, then, the result of this reformed tariff would be immediately to raise the gross amount of import duties collected from sixteen million taels to forty million taels ; the export duties from two million taels to say ten million taels, whilst transit dues (two million taels per annum) would be abolished. With special opium duties and tonnage duties added, the gross total of Customs revenue collected would therefore immediately rise from thirty-six million taels to more than seventy million taels, an increase of one hundred per cent.

Now a revenue of seventy million taels, or say eleven and a half millions sterling, would allow a number of matters to be put on a proper footing.

CHINESE CUSTOMS REVENUE, 1897 to 1906.

Year.	Import Duties. ¹	Export Duties.	Coast Trade Duties. ¹	Tonnage Dues.	Transit Dues.		Opium Licin.	Total.
					Inwards.	Outwards.		
1897	7,575,219	8,427,011	1,522,036	575,360	562,954	127,917	3,947,607	22,742,104
1898	7,223,642	8,468,892	1,497,082	612,861	594,793	122,945	3,983,182	22,503,397
1899	8,437,471	10,235,968	1,763,757	640,191	679,007	156,823	4,748,243	26,661,460
1900	7,249,443	8,624,774	1,638,427	724,860	536,704	138,355	3,961,423	22,873,956
1901	8,556,700	9,122,270	2,161,380	809,561	715,537	201,595	3,970,531	25,537,574
1902	12,388,191	9,103,117	1,940,242	920,911	1,227,978	325,802	4,100,803	30,007,044
1903	11,493,021	9,589,815	1,929,892	953,575	1,437,648	421,667	4,705,070	30,539,688
1904	12,259,381	9,868,739	2,263,116	992,585	1,371,019	416,233	4,382,083	31,493,156
1905	15,336,528	9,864,193	2,616,469	1,105,350	1,611,332	423,075	4,154,957	35,111,004
1906	16,100,954	9,825,706	2,208,192	1,326,619	1,831,934	445,167	4,339,083	36,068,595

¹ Inclusive of Opium.

In the first place the service of China's loans and indemnities requires annually a sum of forty-three million taels. Of this sum the provinces now provide by direct contributions about nineteen million taels per annum, whilst the Customs revenues supply the balance. The enforcement of the Mackay-model Treaties would, however, automatically cause all funds necessary for foreign-debt service and sinking fund to flow directly into the Customs coffers, and would do away with the necessity of the provinces being mulcted of the annual sum of nineteen million taels in direct contributions. Further, the new Treaties would have another effect—that of financially strengthening the Central Government and thus curbing the semi-independence of the provinces. For it is duly arranged that as the provincial Governments will lose considerable sums annually through the abolition of likin, the Central Government is to set apart a portion of the increased Imperial Customs revenues for their use. But the abolition of likin and the abolition of the direct provincial contributions towards the 1900 indemnities will counter-balance one another; and therefore the provincial Governments will really remain in much the same financial position as before. Accordingly the Central Government will at last control effectively and completely one of the two great sources of revenue—the taxation of trade—whilst the provinces will be left in control of the only other great source—the land tax. Practically, then, it only requires the enforcement of the new Treaties and the

inauguration in the provinces of the system of Financial Commissioners (who are to begin the survey of the country and the proper tabulating of the land tax), for China to find herself in clear possession of revenues which should not fall far short of 200,000,000 taels, or, say, thirty millions sterling. This would mean reform of a very marked character, no matter what new difficulties might be encountered.

There is still another point. Only forty-three million taels of the seventy millions which would be collected under the new tariffs will be ear-marked for foreign debt service ; and allowing four million taels for collection expenses, a sum of more than twenty million taels will thus be available for other purposes. As this sum of money would stand at the credit of the Ministry of Finance, the Ministry of War would be able to allocate the large amounts necessary for the completion of the Lu Chun corps. Within a very few years, in these circumstances, an imperial army might be created, and arsenals established, which would automatically re-establish the proper balance of power in the Far East. Financially, politically and diplomatically, therefore, the direct and indirect influence of the fiscal reforms already provided for in the unenforced Treaties would be immense.

But there are even yet some further considerations. The increase of the import tariff, and the special stipulations clearly laid down in the Mackay Treaty in regard to an excise to be levied on machine-made

yarn and cloth manufactured in China, and the rebates to be given on raw cotton imported, would give a great impetus to manufacturing all along the Yangtze basin. The great cotton-growing belt of Mid-China would be dotted with mills, and Shanghai might soon eclipse Bombay as a spinner and weaver of cotton. The danger, which now menaces China, of being flooded with cheap manufactures would be averted, and great opportunities would be offered for the profitable investment of large sums of foreign money in industrial enterprises which would bring much prosperity in their train. Nothing so well illustrates how rapidly development comes in China, when a road is made tolerably clear for that development, as the case of the steam navigation of the inland waters. Although this trade is only eight or nine years old (the navigating of all rivers, lakes, and canals by small steam craft has only been permitted for that term) and although it is still hampered by vexatious restrictions owing to the continuance of *likin*, there were at the end of 1906 no fewer than 857 small steamers, tow-boats, and steam-launches engaged in it. If all the present impediments to trade were removed and a comprehensive system of trunk railways established, this total of steamers and tow-boats should grow to several thousand, and should complete the sweeping-away of old-time conditions which is now so necessary. Again, another most essential step is the reform of the currency. The alarming fluctuations to which silver is subject, although

often permitting speculative profits to be realised, is in the last analysis harmful to trade and tends to restrict the free movement of imports and exports. It is imperative that something should be done in the matter; and the enforcement of the Mackay Treaty is the obvious opportunity.

Finally, there is now no disguising the fact that revolutionary unrest deserves at last to be counted as a serious danger in China. It is of course true that secret societies and revolutions have always been notable features of the country, and that they have probably been looked upon by the Government as necessary evils in so enormous an Empire. But in former times the methods employed by malcontents were primitive and the results they produced were, generally speaking, easily negated by stern official action. Not so to-day, however. Thanks to the pseudo-Europeanism to which they have attained, the Chinese revolutionaries have during the past few years placed themselves in a new position which the Government at the present moment is largely powerless to attack. Revolutionary literature, carried quickly all over the country by the new postal system, tells men in sharp, incisive phrases, culled by Chinese revolutionary students from foreign text-books, what they should do in order to release themselves from a bondage imposed by Manchu militarism two hundred and fifty years ago. The revolutionary leaders, finding a safe asylum in all the territories adjacent to the Chinese Empire, collect funds and from month to month

organise their schemes on a better basis ; and having decided that a modified terrorism will be more effective than the raising of unwieldy rebellions, they now distribute bombs, revolvers and daggers far and wide, while shipments of rifles and even of artillery are smuggled into the country and hidden away for use later on.

So far luck has been against the revolutionaries, and their only real success—if murder can ever be termed a success—has been the assassination of the Governor of Anhui province. The cool manner in which this was carried out by a revolutionary, bearing the rank of Taotai, who was actually in command of a small corps of the new-model gendarmerie, has made the profoundest sensation in Peking. That a scholar and a Chinese gentleman should consider that he is morally justified in emptying a six-chambered revolver into the body of the highest official of a province, and that plans should have been consummated with the utmost secrecy and audacity to seize the provincial armoury and immediately to raise the standard of rebellion, have demonstrated to the Government how much really lies behind the movement. For although it now appears clear that the affiliation of all the revolutionary centres and secret societies is not yet complete, and that such a leader as the notorious Dr. Sun Yat-sen only represents the Cantonese wing, progress is being made from day to day, and the large scale on which operations have been planned may be gauged from the fact that during the past few months no

less than ten thousand modern rifles have been seized as they were about to enter the country.

The objects of this terrorism are two. The first and more important is to bring about a Manchu collapse and the end of the Manchu dynasty; the second to make China a constitutional country and possibly even a republic. Moreover, the fact must not be lost sight of that the present internal situation of the country is somewhat favourable to the success of this propaganda. The Empress Dowager is old and failing; the Emperor is childless and impotent; no heir to the throne has been nominated; Prince Ching—corrupt and indolent, and also old and failing—overshadows the active members of the Central Government; around China are those menacing and disconcerting quantities, the Powers, with their treaties and agreements guaranteeing the independence of the country. The revolutionaries, with a full understanding of all these facts, argue that the assassination of twelve leading Manchus and four or five strong or loyal Chinese officials, such as Yuan Shih-Kai and Chang Chih Tung, should be the first step; the second will be the great rising which will come as a natural consequence. There is certainly danger in all this; for it only requires fanatics willing to throw dynamite bombs for the crumbling process to commence. And therefore the revolutionary propaganda, difficult as it is to assess at its proper value, is an additional reason why counteracting steps such as have been briefly outlined in these pages should be promptly taken.

CHAPTER IV

CHINA *VERSUS* EUROPE AND JAPAN

MEANWHILE there is a different point of view which merits consideration. This point of view is one which ignores all the peculiar circumstances and difficulties of the moment and which holds that at this juncture China simply needs to be coerced. That is to say, while it is admitted that there are now distinct traces of reform in China and a real longing to escape from a humiliating international and internal position, it is seen on the other hand that in everything that concerns Europe and the outer world, officials and people are still united in following those tactics of procrastination and opposition which have been the principal features of the real East since the beginning of modern history. Hence the notion that coercion of some kind is all that is required. In examining this belief it is best to begin with a consideration of the recent Franco-Japanese Agreement (of June, 1907), the objects of which were, *inter alia*, to guarantee the independence and integrity of China and to safeguard the princi-

ples of the "open door" and "equal opportunities for all." This instrument runs as follows—

Arrangement.

THE Government of His Majesty the Emperor of Japan and the Government of the French Republic, animated by the desire to strengthen the relations of amity existing between them, and to remove from those relations all cause of misunderstanding for the future, have decided to conclude the following arrangement :

The Governments of Japan and France, being agreed to respect the independence and integrity of China, as well as the principle of equal treatment in that country for the commerce and subjects or citizens of all nations, and having a special interest in the preservation of peace and order, especially in the regions of the Chinese Empire adjacent to the territories where they have the rights of sovereignty, protection, or occupation, engage to support each other in assuring the peace and security of those regions, with a view to maintaining the respective situations and territorial rights of the two Contracting Parties in the Continent of Asia.

In witness whereof, the undersigned, His Excellency Monsieur Kurino, Ambassador Extraordinary and Plenipotentiary of His Majesty the Emperor of Japan to the President of the French Republic, and his Excellency Monsieur Stephen Pichon, Senator, Minister for Foreign Affairs, authorised by their respective Governments, have signed this Arrangement and have affixed thereto their seals.

Declaration.

The two Governments of Japan and France, while reserving the negotiations for the conclusion of a Convention of Commerce in regard to the relations between Japan and French Indo-China, agree as follows :

The treatment of the most favoured nation shall be accorded to the officers and subjects of Japan in French

Indo-China in all that concerns their persons and the protection of their property, and the same treatment shall be applied to the subjects and protégés of French Indo-China in the Empire of Japan, until the expiration of the Treaty of Commerce and Navigation between Japan and France of August 4, 1896.

It will be seen at a glance that this instrument is merely a natural successor of the Anglo-Japanese Alliance of August, 1905, which is the master-instrument from which already depend far too many international arrangements. In Europe it was received with as much enthusiasm as could be mustered after the frequent calls made on popular approval by international *rapprochements* during the past twenty-four months. But *The Spectator*, which interests itself constantly with the powder-magazine of the Far East, commented on the arrangement in a manner which has considerable significance. So important is it to establish clearly the difference between the European and the inner Chinese point of view, that it is well worth while to quote this article from *The Spectator* in full :—

“The new Agreement between France and Japan, and the Agreement which is coming between Japan and Russia, undoubtedly tend to secure immediate peace in the Far East. When the arrangements are concluded, Great Britain, France, Russia, and Japan will for certain purposes be allied. One of those purposes is to guarantee each other's possessions in Asia, and another is to guarantee the integrity of China, thus preventing, so far as the Treaties extend, any war of territorial ambition. That is excellent as indicating the ideal to be sought, but it does not go quite so far as many of our countrymen seem to

imagine. To make a peace which can be trusted for a long period, the arrangements need expansion. The Treaties do not cover either Germany or America, and both Germany and America have serious interests in the Far East which may, in certain quite possible contingencies, endanger the continuance of peace. The adhesion of both these Powers is, in fact, necessary to the permanence of the plan which Great Britain, France and Japan all desire to see realised, and it is by no means certain that this adhesion can be readily obtained.

The Government of Germany, to begin with, will extremely dislike being left out in the cold. Apart from their suspicion that Great Britain wants to leave Germany isolated everywhere in the world—a suspicion which is entirely baseless—the ruling idea of that Government is that they are now entitled to a prominent place, if not indeed to the first place, in that Committee of Seven—Great Britain, America, Germany, France, Austria, Russia and Japan—which now holds the general control of the world in its hands. Germany is certain sooner or later to make this idea manifest in some peremptory way. She did so in Morocco, and the Far East is much more important than Morocco. The Japanese notion that Germany should be excluded because she has no territory in the Far East is not strictly sound, for she owns the long lease of Kiaochow; and, if it were sound, would be irrelevant, every Great Power being interested, if only for reasons of trade, in the attitude and conditions of every other. China interests the traders of Berlin as much as those of London. Germany ought, therefore, to be asked to join the combination, and it is by no means certain that Germany will agree. The astute persons who are now guiding her *weltpolitik* may think it more expedient for her to remain free in a position which tempts her to ask China for special commercial privileges, and which might enable her in conceivable contingencies to represent herself at Peking as the one Power free to protect China from the

effect of the commercial greed of which other Powers are certain to be suspected. The Chinese, as we all know, are beginning exceedingly to resent and distrust European commercial pressure, and Germany has learnt at Constantinople that to pose as the one disinterested adviser is often a very paying attitude. Germany may hold aloof from any pledges, and when Germany holds aloof from any great arrangement the arrangement can hardly be accepted as a final settlement. The difficulty of including the States will be even greater. Washington dislikes all alliances. The Americans have vast separate interests in the Pacific, where, when the Panama Canal is cut, they become—will become—the predominant Power; and they have besides an obstacle in their Constitution which has hitherto proved insuperable. They dislike the idea of Chinese and Japanese competition; they will not grant to an Asiatic Power that condition of equality without which Japan will make no Treaty; and they are still possessed with a popular contempt for the coloured races which makes the execution of equal Treaties between Asiatics and Europeans extremely difficult. The workers of the Pacific slope dread commercial competition; the Democratic Party is devoted to State Rights; and the Great Republic has not as yet the machinery necessary to overcome peacefully State resistance. She acknowledges that a Treaty is the supreme law, but supreme laws are occasionally very hard to enforce. The Central Government may in the end overcome all these obstacles, but it will unquestionably hesitate to make them worse by new Treaties which will be at least as much for the benefit of Europe as of the Western world.

Moreover, the great source of danger, the unrest which is evidently spreading in China, cannot be removed by any Treaty. The immense population of that Empire is waking up to a new consciousness. The national pride has been irritated by the events of this generation, and the people have been penetrated with a sullen suspicion not only as

to the perfection of their own organisation, which clearly has failed as against the external world, but of all white men, whom they now regard as persons engaged in great schemes for exploiting and plundering the sacred land. All reforming movements in China tend, therefore, to become anti-foreign movements, and the Treaties, however well constructed, may any day be found useless in the face of a popular explosion. One at least of the objects of the Treaties now in process of completion is to ring in China, so that Europe *plus* Japan may press its advice on her with irresistible weight; and the latent desire of every Chinaman is not to be pressed upon, but to make his country as independent as he sees the great States of Europe already are. This motive, in fact, is the one which enables the reformers of China to appeal to the masses behind them for their support. The issue, moreover, of the war between Japan and Russia has liberated the Chinese from many of their fears, and has exaggerated that conceit of themselves and their civilisation which for ages has made arrangements with them so difficult and so unstable. Europe no doubt is stronger than China, and has nothing in the worst event to dread more dangerous than local massacres; but to make this proposition politically true Europe must be united. While it is not true, Germany, Austria, and France cannot act with the necessary strength and even America may, till the Panama Canal is cut, hesitate to abandon an isolated line of policy.

The deduction from all this, which to many of our readers may appear somewhat dreamy, is that to maintain a peaceful ascendancy in the Far East, we must, as regards Far Eastern politics, be sufficiently united to act in an emergency with rapidity and decision. That condition has as yet been scarcely secured, and though the adhesion of Japan, or, rather, her inclusion among European Powers, is an enormous assistance, the interests and the policy of Japan in China are not yet so clearly defined or so incapable of change that Europe can afford, in dealing

with the Far East, to throw away any of her self-contained strength. Germany should be courteously asked to enter the European ring, and an inquiry addressed to Washington asking whether it intends to await events or to join Europe and Japan in a scheme for securing to the Far East a long period of opportunity for peaceful and fruitful advance. This universal understanding perhaps goes rather further than the ordinary conception of a working alliance, but it would be a great mistake to think that a quadrilateral agreement introduces the millennium, though, as we have admitted, it is a distinct step towards the maintenance of peace in the Far East and has already removed the principal objections to the Anglo-Japanese alliance."

The view which stands out most clearly in this article—especially when it is perused, not in the country where it was written, but in the country most concerned by what it discusses, that is, in China—is this: that if only every one of the Great Powers can be induced to enter the "European Ring," China will be hemmed in and will have to follow to the letter the advice of this alliance of Christendom *plus* Japan, no matter what the nature of that advice may be. For China is the inert mass which need not be consulted; China is the negligible quantity; China is the dough which can be kneaded by the allied fingers of the seven Powers. Interesting as is this belief, it is after all only an assumption—it is fancy rather than fact; for China showed in 1900, when her capital was occupied by this alliance of Christendom *plus* Japan and the Manchu Court was in full flight towards the lost province of Shansi, that the resources of Chinese diplomacy were by no

means exhausted. Even in 1900 it needed but a few adroit manœuvres to set the Powers fighting among themselves. At a price China can still do this; and she knows it well.

But it is not with the object of falling into a "dreamy" discussion that this direct question has been raised here; it is rather with the object of showing exactly what the Chinese think regarding this fresh international arrangement. Fortunately the vernacular press of the eighteen provinces now follows the Far Eastern policy of the Powers with the keenest interest, and on this new Franco-Japanese Arrangement there have already been many expressions of opinion. Here is one from a Shanghai native journal, named *Nan-Fang-Pao*, which has an English editorial column of remarkable excellence considering the difficulties of composition in a foreign tongue, and which expresses tersely what every Chinaman of intelligence thinks:—

"The publication of the text of the Franco-Japanese Agreement has naturally created a stir in the Chinese world, but the effect produced, if the pronouncements of the Chinese press are any indication, is quite the reverse of that on foreigners, as expressed by the tone of the British press. Our newspapers can see nothing in the Agreement to congratulate China upon, and cannot say with any show of unction that the integrity of our country is more strongly assured by the consummation of the *entente* or that the peace of the Far East is rendered more secure.

"Nearly all the papers realise the importance of the Agreement in its effect on China, though that such an Agreement could be effected at all came somewhat as a surprise to them. The traditional and innate contempt of the white race for the yellow race would seem to be an

insurmountable obstacle to bring about any understanding; and the world is treated to the spectacle of firstly, an Anglo-Japanese Alliance, and now a Franco-Japanese Agreement—an agreement which further receives the moral support of Great Britain and Russia. By the conclusion of the Agreement two nations, if we exclude the contracting parties, are directly or indirectly affected by it, namely Germany and China. The former is made to feel her isolated condition, while the interests of the latter are placed in greater jeopardy than before.

“What strikes the Chinese press as somewhat meaningless is the eternal reiteration on the part of certain Powers of their intention to respect the independence and integrity of China. As one of the papers declared, such a statement can only tickle the ears of our effete and blind Government, but it has not a sufficient ring of sincerity in it to deceive the people. By the terms of the Agreement, the influence of France and Japan in the Chinese Empire is greatly strengthened. Whatever has been leased from the Chinese Government is now invested with almost the rights of occupation, and whatever has not been leased but borders on leased territory is in danger of being inclosed with the same.

“After the Chino-Japanese War the Japanese sphere of influence in China was confined to the province of Fuhkien, and now we are informed that on account of Japan's interests in the Liaotung Peninsula both Chihli and Shantung have been included. The sphere of influence of France is also greatly extended by the terms of this Agreement. At first it was only her vague ambition that the provinces of Yunnan, Kungtung, and Kuangsi should be her share in the despoiling of China, but in the past few years we have seen the gradual growth of her ambition, till now the provinces are to become in reality the reward of her many years of scheming. It is to be noted that the tactics of France and Japan in their undermining of China's integrity and independence have been almost identical. The former first detached Annam from China's suzerainty, then seized the region itself, and gradually encroached on the borders of

Yunnan and the two Kuangs till now she is stretching her arms even into the interior of those provinces ; while with Japan, Korea was her first object, from which she directed her attention to Manchuria, and now Chihli and Shantung are to be enclosed within her grasp.

“The Anglo-Japanese Agreement was claimed to be concluded to preserve the peace of the Far East, but the devastated condition of Manchuria bears eloquent witness to the validity or otherwise of the claim. Let us hope and pray that the Franco-Japanese Agreement, which starts out with language of similar strain of function, may not end as disastrously to our Empire.”

It will be seen from this candid article that so far from admitting that China's integrity receives an additional safeguard by the Franco-Japanese Agreement, open fears are expressed regarding the future of those Chinese provinces which are unfortunate enough to lie adjacent to, or on the borders of, leased or occupied territories. It is quite certain, for instance, that in the event of trouble in China, France would speedily put the rapidly-completing Yunnan railway to practical use, and carry the tricolour—temporarily, of course—perhaps as far as the head waters of the Yangtze. Safeguarded by this Agreement from all possibility of a Japanese descent on the coasts of Tonkin, France can now afford, unless Germany menaces her in Europe, to act in the Far East with an easy assurance not justified by her overseas standing as a Great Power. Similarly Japan, were such a course necessary, could insist that the leasing terms at present applying to the Port Arthur territory should be extended to the whole of the railway-zone in Southern Manchuria ; while the province of

Fuhkien, lying opposite the island of Formosa, could be temporarily occupied with impunity. For the fact must not be lost sight of that the Port Arthur lease expires in 1923, and that there are already many indications that Japan has not the slightest intention of making that date a red-letter day in Chinese international history; there will be war sooner than that. In a word, then, these international agreements affecting China are, in Chinese eyes, simply the prelude to fresh territorial seizures; and history already proves that there is foundation for this assumption.

In these circumstances it is not strange, although it may be a subject of general regret, that China is acting as she is at the present time in regard to the Peking Legations. Every matter demanding settlement is indefinitely postponed, and some Legations have actually hundreds of unanswered dispatches lying at the Wai-Wu-Pu, or Peking Foreign Office. Yet that China should be in this factious mood is small wonder. While such bare-faced territorial seizures as that attempted by Russia in Manchuria will no longer take place, she firmly believes that the new step-by-step Japanese process is now *à la mode*, and that, so far as she is concerned, it is the same old song with new words. She also sees that the propaganda of the Chinese revolutionaries, if not actually aided and abetted by certain of those who are so busy guaranteeing her integrity, is at least being watched and taken note of in a very remarkable manner, and that every insurrectionary movement in the provinces

is magnified into a great rebellion by the Japanese press. She also notices that Chinese students who have studied in Tokyo return home infected with the same ideas ; and, although it is quite untrue that the *Japanese Government* has in any way promoted provincial disorders, as many misguided persons have not hesitated to affirm, she has further discovered that the Japanese Imperial Household Department has sent emissaries to China to assess properly the anti-dynastic movement on the Yangtze and in Southern China. This discovery, coupled with the fact that the Japanese are to all intents and purposes in firm occupation of the original home of the Manchus—Southern Manchuria—has much more interest for Peking than international agreements safeguarding the integrity of the Empire ; just as the Washington Government, at the moment of writing, is much more concerned with the strategical disposition of the American Fleet in Pacific waters than with diplomatic assurances regarding the traditional friendship between the United States and Japan.

It will be understood, then, that in the opinion of the writer too much effort has been lavished by the Powers of Europe in securing that they shall not cut each other's throats in the Far East, and especially in China, and that too little attention has been paid to the improvement of China's financial and fiscal condition in a rational manner. Thus the new Commercial Treaties are in exactly the same position as they were four years ago, and in spite of high-sounding platitudes, nothing is really being

done to help China to her feet. Most of the Powers, indeed, do not want an increased tariff to be put into force, and chief amongst these is Japan. The policy of adding to existing interests and of "milking" China is the only one which has the approval of all the Powers; and it is simply China's inability to gain the support of public opinion which prevents some very ugly disclosures being made. Were China to establish press bureaus, such as Japan possesses, and from time to time publish far-reaching statements, European diplomacy in the Far East would be in some danger of being discredited; for that diplomacy has sought to bind with leading strings made of pressed parchment the volcanic forces hidden within the breasts of four hundred millions of people, who, without claiming any attributes in the least different from those possessed by the rest of mankind, are in the main honest, frugal, industrious, and the leaders of virtuous and arduous lives. If one day something unexpected occurs—if there is another great upheaval—the Powers will be as guilty as they were in the year 1900. The legitimate aspirations of a people possessing forty centuries of history ought surely to be considered; and the time has not yet come when Europe *plus* Japan, standing on the carcase of the Chinese giant, may begin an oration such as vain-glorious Napoleon made under the shadow of the Pyramids.

CHAPTER V

THE UNITED STATES AND ORIENTAL MARKETS

THE United States as a Pacific Power is at once in a highly fortunate and a highly unfortunate position ; and, viewed from the Far East itself, it seems clear that American interests in Eastern Asia must for some years to come be menaced by many disconcerting possibilities. Until the year 1898 America on the Pacific was strategically in an impregnable position, and she could have regarded with equanimity even the concentration of overwhelming naval forces along her extensive Pacific sea-board. At most a few American coast towns could have been bombarded and perhaps temporarily occupied ; but no disasters of importance would have been possible. With the whole American nation rallying behind the Pacific seaboard, it would have been madness for the strongest of enemies to have dreamed of permanent successes against a people whose home is in this respect geographically ideal.

The year 1898 changed all that. The dull booming of guns in Manila Bay was a salute fired in honour of that which is alike the glory and the nemesis of nations—Imperialism—and the formal substitution of the American for the Spanish flag in the Philippines at least made Englishmen realise that what is bred in the bone comes out in the flesh, and that Americans are unable to lose certain distinguishing characteristics of their race-stock. With the annexation of the Philippine Islands, the United States began that series of territorial conquests which she must inevitably continue, if she is to be really great among the nations ; and in the Spanish Treaty of Paris she signed a document the consequences of which cannot but be far-reaching. For at once it was necessary to change her so-called traditional Asiatic policy, although the Americans themselves have been the slowest to recognise the fact. Finished were the pleasant days of treating Japan and China as picturesque Oriental countries. The call of Empire had been heard and listened to ; and with that call came in the natural course of events new responsibilities and new dangers, which are only now—after nine years of study and practical experience in world politics—beginning to be realised. Before this realisation becomes complete, perhaps nine years more must pass by ; and it may therefore be said that in a certain sense the United States is now entering on the crucial period of her existence as a Pacific Power with overseas possessions, and that her future as such will largely

depend upon the able handling of a situation bristling with difficulties.

It is very doubtful whether American statesmen, not to speak of the American public, fully realise the tremendous importance of the question of the mastery of the Pacific. For the Pacific Ocean is a stupendous sheet of water, which is politically as disconcerting, both because of its size and because of the varied races inhabiting its shores, as is the vast continent of Asia itself. So far as concerns the United States, it is a vast inhospitable blank—except for the Hawaiian Islands—stretching from the towns of the American Pacific shores to the Philippine Islands; a blank no less than five or six thousand miles in extent. Now, five or six thousand miles is approximately the distance separating Russia from her Far Eastern possessions; but even careless Russia, long before the outbreak of the late war, had been at pains to bind these distant territories to her by means of ribs of railway steel, and to advance the frontiers of her real Empire—her Empire of white men—as rapidly as possible by the encouragement of emigration from her homelands to Siberia and the Asiatic seaboard. It follows, therefore, that to make herself even as questionably secure in the Far East as Russia was before the late war, the United States must place on the Pacific waters the marine equivalent of steel rails—war-ships and merchant vessels in large numbers.

At the present moment, however, it would seem

that there are to be two parties in what it is well frankly to call American colonial politics; for in President Roosevelt's general attitude and in Secretary Root's special utterances regarding South America, may be found the germs of two distinct policies. The first holds that America, as she gradually develops into a densely-populated manufacturing country, needing all her agricultural products for consumption within her own borders, should accept the indication of her great frontage on the Pacific Ocean and should keep her eyes intently fixed on the Orient, consolidating her commercial and land-owning interests there, and never forgetting that perhaps her greatest future lies beyond the Sandwich Islands. The second view is quite different. It is that the manifest destiny of the United States lies, not in the direction which has just been indicated, but in South America. Mr. Secretary Root's recent utterances on this score leave no doubt that in the opinion of many competent Americans the path of empire which the United States should follow is southward rather than westward, and that in the vast and rich continent of South America she should find her greatest field of enterprise. Here it may be conveniently remarked that, as Mr. Bryce aptly points out in his analysis of the physical characteristics of the American Commonwealth, the Pacific portions of the United States labour under serious disadvantages almost entirely absent in the eastern or Atlantic States. The presence of that formidable

natural barrier, the Rocky Mountains, separating the Pacific slope from the rest of the States, has hitherto been a serious impediment to the rapid development which has taken place in so many other parts of the Union; and further, although there are some peerless bays, such as that of San Francisco, the general character of the Pacific coast-line is not nearly so favourable as that of the Atlantic seaboard. A few big cities have grown up, and certain regions have been given over largely to agriculture; but still the Pacific slope remains distinct in character, and is in a sense isolated from the rest of the great country lying behind it.

In these circumstances, and in view of the size of the Pacific Ocean, it may be open to doubt whether the ideas which President Roosevelt is reputed to have always cherished are geographically correct, although they may be sound politically and highly welcome to all English-speaking dwellers in Eastern Asia. From the geographical standpoint, indeed, there is much to be said in favour of Mr. Root's contentions. The very completion of the Panama Canal, instead of promoting a great trans-Pacific commerce in which the Stars and Stripes will predominate, may rather serve—at least in the first instance—merely to open up the distant coasts of Chili, Ecuador, and Peru to a direct American trade. On the whole, however, it is safest to conclude that the construction of the Panama Canal will have neither only the one effect nor only the other, and

that American interests will continue to develop slowly in all directions, as they have done in the past, rather than rapidly in any one particular line.

But here is the point of danger. For although it has repeatedly been stated that not more than nine years are to be expended in cutting the Panama waterway—which is the same period as was taken to dig the Suez Canal—it seems unlikely, unless Americans awake to the urgency of the present situation in Eastern Asia, that the work will be completed under fifteen or possibly twenty years; and if this actually proves to be the case, a very grave state of affairs will have arisen in the meantime. For this means that the year 1915 will find things much as they are at present, with no single Power, except Japan, strong in the Far East.

The free passage of the United States' fleet from the Atlantic to the opposite ocean would immediately create a new element in the balance of power in the Far East which is most urgently needed at the present moment. A powerful American battle-fleet ploughing the waters of the Pacific, but capable of suddenly returning to the Atlantic Ocean, would provide that new factor, and would form an insurance against catastrophes such as nothing else could furnish. At present the United States is lamentably weak in the Far East, and the Philippines lie practically at the mercy of the first comer. The American fleet in Asiatic waters contains just four ships capable of taking the battle-line, the powerful 14,000-ton armoured

cruisers *West Virginia*, *Maryland*, *Pennsylvania*, and *Colorado*; and although included in the Pacific Squadron, which is to be merged with the Asiatic Squadron, are some other modern vessels, it is quite certain that until the completion of the Panama Canal the United States cannot definitely attain her proper naval strength on the Pacific without abandoning the Atlantic. The most she can possess is a somewhat ineffective defensive force. Further, the slowness with which shipbuilding is still conducted in American yards is also highly regrettable; and it may therefore be said that the influence of the United States in Far Eastern politics is due only to the spectre of that great reserve strength which she possesses in common with Russia. In a word, America's fighting strength in the Far East is as much under-developed as that of Japan is over-developed.

The same regrettable feature has also to be noticed in the growing water-borne commerce of the Pacific. Although American mercantile shipping has much increased during the past decade, that increase reached its maximum limits two years ago, and there are now signs of a decline. Already the Japanese have almost captured the carrying-trade to and from America; and if they have not developed their plans further, it is merely because they wish to act slowly and methodically rather than quickly and unsystematically. Yet as ship after ship is launched from Japanese yards, and the gross tonnage of Japan's commercial fleet mounts to the 2,000,000

tons it will attain during the coming quinquennial period, there will be less and less necessity to pay attention to method and a greater and greater impulse to reap to the full the mercantile harvest which lies so near.

So far, however, although American shipping in the Far East is beginning to suffer and must shortly suffer a great deal more, American trade with China, Japan, and the Philippines has not been so sensibly affected. This commerce is large and valuable, and may be estimated, for general purposes, at some \$300,000,000, or £60,000,000 sterling a year. In broad terms it may be said to consist, on the one hand, of American purchases on a very large scale of such things as Japanese and Chinese silks and teas ; and on the other hand, of the sale of American cottons, flour, mineral oils and lumber. Now, where America is a purchaser-- that is where she imports--there can of course be no danger, since buyers are always welcome. But where she sells the case is very different, and there is no disguising the fact that in the two main categories of her exports, cotton manufactures and flour, she may shortly lose her Asiatic markets. And the first place where this will occur is in North China and Manchuria, where American competition now labours under special disadvantages owing to the manner in which the late war has left Japan impreguably entrenched both from a military and a commercial point of view. The best example available is that of the interesting region of Central

and Southern Manchuria, where American interests have at stake an annual trade amounting to 50,000 bales of valuable cotton goods. The spontaneous growth of this trade, in the course of a very few years, simply means that American mills have in the past been manufacturing a class of strong cotton cloth which is exactly suitable for the requirements of the northern Chinese population. The sale is of course conducted through the medium of Shanghai—the warehouse of Central and Northern China—where native dealers purchase direct from foreign importers and ship to the various trading centres in the distant interior.

Now Japan soon understood that it would not pay her to attempt to compete against the very best class of cotton manufactures imported into the Far East, because this would entail installation of new plant in all her mills and the use of only the most skilled labour, which is still very scarce in Japan. But by the importation of considerable quantities of American raw cotton, which was mixed with the Asiatic cotton generally in use in Japan, and by the installation of a certain amount of new plant, a large group of Japanese mills, acting in combination with one another, were able simultaneously to produce a class of sheetings and drills as good in finish as, and slightly heavier in weight than, the American articles. Having satisfied themselves that the products of their mills would meet with the approval of Chinese dealers, the Japanese took the second step in their campaign against American goods by establishing, at

Manchurian centres such as Moukden, Tiehling, and Kuan-Ch'êng-tzu, banking facilities which would give exceptional advantages to native merchants handling only Japanese products. The third step was the formation of the much-advertised "Japan Cotton Cloth Export Association" under the aegis of the powerful Mitsui firm—a firm which, in view of the fact that the *Genro* statesman Count Inouye is understood to be its salaried financial adviser, may be said to be a quasi-Government institution. This "Association" undertook to handle—free of charge at first—a thousand bales of Japanese cotton goods a month, in order to "make a market" and to push back competition. The success which is already attending this movement may be gauged by certain returns which disclose that between two and three thousand bales of Japanese cottons have lately been handled every month in Manchuria. The fourth and last step taken was to discriminate in shipping and railway rates. The subsidised shipping of Japan now carries Japanese goods at a minimum charge, subject to further rebates as quantities rise, from the place of manufacture to the port of Dalny, where the trucks of the South Manchurian Railway await them. Thence at special rates—it costs two and a half yen, or five shillings, less per ton for the 465-mile haul from Dalny to Kuan-Ch'êng-tzu than for the 330-mile run to the same place from the neutral port of Newchwang—the goods are then carried to their selling place, where again Japanese banks provide easy terms of payment and make all open

competition as impossible as careful thought can make it. This is the "open door" and "equal opportunity for all" which is the leading motive—on paper underlying the present re-arrangement in Eastern Asia.

It will be seen from this illustration that Americans already have cause to regret, in more ways than one, the hasty diplomacy which led to the signing of the Portsmouth Treaty. It is important, therefore, to consider what counter action should be taken while there is yet time. The first remedy that suggests itself, in view of the fact that Congress rejects the principle that American shipping in Pacific waters should be supported by generous subsidies, is a combination on the Pacific similar to that which of late years has been a distinguishing feature in the Atlantic; in other words, that Anglo-American interests, which have now almost exhausted the possibilities of the Atlantic, should turn their especial attention to the broad waters of the Pacific. By a combination which will place shipping flying the Red Ensign at the disposal of American interests, it should be possible effectively to secure much of the Asiatic carrying trade to and from the Pacific coasts before it is too late. In view of the fact that the cutting of the Panama Canal will materially modify the present conditions governing sea-borne commerce with Asia, the present time is not too early to lay the first foundations for a future commercial campaign. Once they were properly brought into play the great resources in cheap capital, which Anglo-American

interests possess, would soon introduce a new and highly favourable element into the present unsatisfactory state of affairs ; for even destructive semi-official competition, if it is founded on dear money, which again is only possessed in limited quantities, cannot meet cheap money on equal terms and must ultimately go down before it. The second remedial measure is as important as the first : it is the establishment of proper banking facilities. There is not, for instance, a single British or American bank in the whole of Manchuria ; neither is there one in Korea ; and the port of Newchwang, the real and not the artificial gate of Manchuria, lies in this respect at the mercy of more alert rivals, although until now both British and American interests--the first in representation and the second in goods actually handled—have there been supreme. The third remedy is the completion and enforcement by China of the new Commercial Treaties, which, as has already been shown, may be counted on to enable her to do much that she is unable to undertake at the present moment owing to lack of funds.

These few steps, which are all that can be mentioned at the moment, are but the first correctives ; and from the purely American point of view it may well be questioned whether the time has not now arrived when the nucleus of a national army (apart from the fortification forces necessary) should be created in the Philippines. The few thousand men of the Philippine Constabulary have already done good work under American

officers ; and the organisation of purely local forces would tend to give the Philippines the distinct character possessed, for instance, by French Indo-China. Upwards of three hundred million dollars, or £60,000,000 sterling, have already been expended on the islands ; and although a few millions more have been sanctioned for the strengthening of American defences on the Pacific, a more vigorous policy is now required ; and before that can receive popular endorsement, it may be necessary for an American Commission, duly authorised to that effect, to proceed to the main points in the Far East and to compile on the spot exhaustive reports which will give, officially, the necessary information, of which, unofficially, the Washington Administration is already in full possession. The time has now come, in short, when the Asiatic possessions of the Caucasian Powers should be placed on a special protective footing, and this can be secured only by a settled policy, aiming at definite objects, such as has been adopted by England in India. In the case of the United States, the three requisites are a strong navy, capable of taking whatever independent action may be necessary¹ ; strongly fortified coaling stations capable of resisting all attacks pending the arrival of reinforcements ; and a strong army in the Philippines, capable of being quickly expanded to 100,000 men and of entrenching itself for a prolonged period.

¹ The reported temporary transfer of the entire American Atlantic fleet to the Pacific cannot be held satisfactory in itself. It is at best a temporising measure, since the transfer cannot be made permanent until the American navy is doubled.

That much of all this is realised in Washington is clear from the news that the formation of battle-ship squadrons for Pacific waters is to be undertaken as soon as is feasible ; but this policy should be pursued to its natural conclusion. America should be made completely secure on the Pacific, and an absolute naval mastery there is consequently the first thing which should be aimed at.

CHAPTER VI

THE POSITION OF ENGLAND

It is a task of the greatest difficulty, in the existing circumstances, to add the last words to a volume which attempts to measure in a few hundred pages that which cannot properly be measured at all. For it is surely apparent from the foregoing pages that the component factors in the great problem of the Far East are at present mainly engaged in gathering strength, and that at any moment the unexpected may again occur and another conflict suddenly break out. The *rôle* of a Cassandra is an easy and an ungrateful one; yet it is the only *rôle* which the political student, investigating matters on the spot, can to-day assume in regard to the affairs of Eastern Asia. For while people have been very busy applauding the pacific tendencies of the day—tendencies which on the surface seem to have spread over the entire globe and which have linked the nations together in the most puzzling series of treaties ever contracted—the world remains much as it was before, and old animosities and old ambitions have by no means

disappeared. How can they, indeed? It is international rivalry, culminating in death dealing battles, which is the great motive power of the world. It is this rivalry between the nations which has founded empires and undone others; it is this rivalry which, when successful, men celebrate in their proudest moments, and which again invites them to persevere when the horizon of their hopes has assumed its blackest hue. The sterilisation begotten of a long peace is as much the nemesis of a nation as the vain-glory of a Napoleon who threw himself to the other extreme and would have made of war the world's sole god. Moderation in war and moderation in peace is the line along which the successful nation must necessarily progress. It is impossible to conceive of a world presided over by international lawyers and international law-givers, such as is the strange ideal of some who, ignorant of first principles, which in Asia at least are never forgotten, would substitute by mere paper decrees the theories of the class-room for the rough practice of actual life. To succeed in realising such vain dreams it would first be necessary to emasculate all mankind; and when that had been done, the ravages of outraged natural laws would provide a terrible vengeance. War, then, is as necessary to mankind as are the male and female elements, the *Yin* and the *Yang* of the Chinese philosophers, who discovered many centuries ago that the dual element must run through all nature. War and peace—these are the male and female elements in international intercourse; and

when either one or the other makes too great a claim and seeks to live without its mate, all history shows that the result is inevitable.

In these circumstances it would be rash to attempt more at the present moment than to show that exaggerated importance has been attached in Europe to the security which is said to obtain to-day in Eastern Asia. There can be no real security until China is in a very different position from that which she now occupies, and until Japan falls into the place which her history, her population and her genius prove that she can with justice occupy. Everything in the existing state of affairs is unnatural and out of due proportion; everything is held together by nothing more substantial than documents covered with ink and seals. It is one of the most extraordinary situations which have ever been created; and a single untoward incident is all that is necessary to provoke one of several possible wars.

Under these conditions, the position of England must be deemed one of exceptional embarrassment. Relying no longer on her prestige and on her naval strength in the Far East, but rather on paper and on promises, she busies herself with sentimental questions such as the abolition of opium in China, at a time when there is other very urgent business on hand. The matter of the enforcement of the new Commercial Treaties with China, for instance, which is of the very highest importance and which would allow the beginning of great and valuable reconstructive work, is ignored—for what reason it

is hard to apprehend. Believing that in the Anglo-Japanese Alliance instrument of August, 1905, a sovereign remedy exists for every Far Eastern ill, the directors of the foreign policy of Great Britain would doubtless be surprised to learn that in the Far East itself no more importance is now attached to that agreement than, say, to the Triple Alliance in Europe, which has been so far forgotten in Italy that Prince von Buclow recently found it necessary to remind the Quirinal Government of its continued existence.

And yet what remedy would the Anglo-Japanese Treaty provide in the event of the sudden commencement of the struggle for the mastery of the Pacific? Would it secure England in the Far East, and confine this struggle within narrow limits? Would it absolve England from taking part? And even supposing that it were in this respect completely effective, and that Japan struggled single-handed as she did in the Russian war, what would be the international position of England if Japan were finally beaten? And is it conceivable that Russia would be content to be a mere onlooker at such a struggle? What answer can the Anglo-Japanese Treaty give to these various questions? Let us turn to the document itself and examine it word for word.

First there is the Preamble, which is very important, inasmuch as it lays down the objects of the Treaty as follows :—

(a) the consolidation and maintenance of the

general peace in the regions of Eastern Asia and of India ;

(b) the preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire, and the principle of equal opportunities for the commerce and industry of all nations in China ;

(c) the maintenance of the territorial rights of the high contracting parties in the regions of Eastern Asia and of India, and the defence of their special interests in the said regions.

It will at once be seen that there are strong grounds for accepting the assumption which has been generally advanced, viz., that the Treaty was primarily, if not entirely, inspired by the urgent necessity of protecting both Japan and England from a Russian war of revenge. But although the first section of the Preamble contains nothing excepting peaceful generalities, and the second section deals only with the Chinese Empire, it is possible to construe the third section in such a way as to make it incumbent on England, in the event of certain eventualities occurring, to draw the sword in a non-Russian War. For such a phrase as "the maintenance of territorial rights and the defence of special interests" is capable of a very comprehensive construction. Let us take, for purposes of illustration, a purely hypothetical case. The present Japanese-American difficulties deepen into something worse. The American fleets having been concentrated in

Pacific Waters, matters become graver and graver, until the Washington Government, alarmed for the safety of the Philippine Islands, orders the united fleet to steam for the Yellow Sea. Arrived off the coast of the Philippines, the officer commanding the American battle-ship and armoured cruiser squadrons is furnished with information which leaves no doubt in his mind on two points : (1) that the Japanese have established the closest relations with a number of Filipino organisations and have supplied them with arms, and (2) that the Japanese garrison in Formosa has been greatly strengthened, until it contains a most powerful expeditionary force. Now the island of Luzon is less than two hundred miles from Formosa and fifteen or sixteen hours' rapid steaming would suffice to land a powerful Japanese force on the northernmost coasts of the former island, where there are only the feeblest American posts. These considerations would doubtless prompt the American Admiral to move on Formosa, and exercising all discretion, to attempt to retain the advantage which an intelligent anticipation of events always confers. It would then require but a single untoward incident to provide a *casus belli* ; and in such circumstances it may well be questioned whether the Japanese would not argue that "the maintenance of the territorial rights," as provided for in the Preamble, necessitated the application of Article 2 of the Alliance : "If by reason of unprovoked attack or aggressive action, whenever arising on the part of any other Power or Powers, either contracting party should

be involved in war in defence of its territorial rights or special interests mentioned in the Preamble of this Agreement, the other contracting party will at once come to the assistance of its ally and will conduct the war in common and make peace in mutual agreement with it."

Even if it be assumed that the circumstances of the case which has just been taken do not warrant the application of Article 2 of the Anglo-Japanese Alliance, there can be not the slightest doubt that if Japan were to become engaged in a struggle with a great Naval Power, such as America, the longed-for opportunity would at once be seized to develop a strong Russian forward movement in Northern Korea, thus at once involving Japan in a double struggle. The position of Russia beyond Lake Baikal will have been made amply clear from the exhaustive descriptions given in the earlier part of the present volume. Russia, though she lost something by the late war, has gained in compactness in the Far East, and is now more able to act on land there as she can act in Europe—that is, in overwhelming force. Though she is by no means ready for another long land campaign, she is at least twice or even three times as ready as she was at the beginning of the year 1904. She would leave it to Japan to violate the neutral territory of Manchuria by massing large forces of men in the Japanese railway zone; and once such a violation had taken place, ten divisions of Chinese troops might introduce still another element into the problem. With

such secondary developments, the position of England would become still more unfortunate. While it might be possible, with honour, to remain outside an American-Japanese struggle, there could be no such holding back once Russia set her forces in motion, and occasion would follow to regret Lord Lansdowne's diplomacy in the direst manner possible.

Further, it must be remembered that while certain British correspondents have not hesitated to stigmatise the conduct of the San Franciscans towards the Japanese question as disgraceful, important portions of the British Empire on the Pacific, such as Australia, New Zealand, and Canada, which are thrown into contact with the yellow races, are disposed to think in much the same manner as the Americans on the Pacific seaboard. Australians, Canadians, and New Zealanders, indeed, are fully as determined as Californians that their territories shall not be subjected to an invasion which they believe would spell the economic ruin of the white population; and therefore a very considerable portion of Greater Britain is entirely at one with the United States on this particular question. Again, two articles in the Alliance Treaty, Article 1 and Article 7, were specially framed to show how intimate a relationship should exist between the two friendly Governments. Article 1 states: "It is agreed that whenever, in the opinion of either Great Britain or Japan, any of the rights and interests referred to in the Preamble of this Agreement are in jeopardy, the

two Governments will communicate with one another fully and frankly, and will both consider in common the measures which should be taken to safeguard these menaced rights and interests ;" while Article 7 runs :—" The conditions under which armed assistance shall be afforded by either Power to the other in the circumstances mentioned in the present Agreement, and the means by which such assistance is to be made available, will be arranged by the naval and military authorities of the contracting parties, who will from time to time consult one another fully and freely upon all questions of mutual interest."

The language of these two Articles leaves no room for doubt that frankness should be one of the distinguishing characteristics of the intercourse between the special agents of the two Governments concerned. But not only has the very reverse been the case generally speaking, but particular instances of Japanese disinclination to impart any special knowledge have already come to light, and tend to show that, in spite of the really earnest efforts of the Japanese Foreign Office officials to secure a modification of such an attitude, England is placed by the Tokyo oligarchy in much the same category as any other European Power. Thus, for instance, it was held a matter of the first importance for the British Admiralty to be supplied at as early a date as possible with exhaustive data regarding the performances of each unit of the Japanese fleet. As soon as the late war had been concluded, therefore, British

naval experts were dispatched to Tokyo to be put in possession of these facts. They were most graciously received and were promised the fullest assistance in their investigations ; yet from the very beginning a policy of postponement and delay was followed in order to prevent their work from being concluded, and in the end no information of any value was communicated. Memoranda filled with questions were mislaid, and a dozen other petty devices were resorted to in order to conceal data which had been requested, until no doubt was left that the Japanese Government really desired to impart nothing. Similarly in army matters as little as possible has been told ; and it is actually said that the large party of Staff Officers despatched by Lord Kitchener from India to study the Manchurian battle-fields, were regaled with an expert lecture in Japanese, supplied by the Japanese staff, which on examination proved to be a British Staff Report which had been translated back into Japanese for this special purpose. Instances of the same attitude could be quoted in sufficient numbers to fill many pages ; but sufficient has been said to show how differently Englishmen and Japanese regard a far-reaching international document which may have the most important effects.

And even assuming, for the sake of argument, that all these matters are small and unimportant and that they can be explained away or justified, a hundred other instances can already be given showing that it is held financially necessary for Japan to

pursue a general policy which is entirely at variance with that which would have been expected if the Japanese construed treaties in the same way as men really accustomed to "square deals." Thus while Japan possesses a Criminal Code which her admirers pronounce perfect, she is at no pains to adopt commercial laws in order to check the fraudulent imitation of every class of commodity, which is now proceeding to the serious detriment of British interests. The violation of British trade-marks not only goes on unchecked in Japan, but is actually upheld in Japanese law courts, as recent cases absolutely attest. It requires protest after protest, both diplomatically and in the press, to stop practices which would not be tolerated for one instant elsewhere; and it is only when there are such repeated complaints that partial justice is at length done. Japan has set financial, industrial, commercial, shipping, colonial, military, and naval programmes; and these programmes are modified, though they may conflict in every direction with vested interests and well-established rights, only when protests disclose that there are serious dangers ahead. This is a state of affairs which is now understood by practically everybody in the Far East, and which has been largely responsible for the poor esteem into which the Anglo-Japanese Alliance agreement has already fallen. That the present breach must widen from year to year unless Japan can be induced radically to modify her attitude, is now quite certain; and the one possible corrective—even Englishmen are now

beginning to realise the fact—is the American fleet.

For in such a region as the Yangtsze valley, looked upon until the other day as England's sphere of influence, the Japanese are just as determined to have the lion's share as they are in Korea, in Southern Manchuria, in North China, and in the province of Fuhkien. Of all the provinces subject to the Manchus, the wealthiest are those of Mid-China ; no part of the Empire possesses such natural advantages, both for agriculture and for commerce. The Yangtsze, rising in distant Thibet and rushing through an immense channel to the sea, has formed a vast plain of rich mould, where the rice-fields yield an increase such as is elsewhere unknown, and cotton, silk, and vegetable oils are produced in marvellous exuberance. The rivers afford an inexhaustible supply of fish, and the desolate fringes of coast-line supply the cultivated districts with an abundance of salt. At the same time the great stream which fertilises the soil is the chief highway of Chinese commerce. On its banks are the wealthiest marts ; and the noble ladies of Rome were clothed many centuries ago in the delicate produce of its looms. This priceless territory has not escaped the notice of the Japanese, who years ago began a policy of pacific penetration into the distant province of Hunan, standing above the middle Yangtsze. It is from the Yangtsze that the Manchus draw their richest tribute, and the Huanese alone of all Yangtsze people have courage and

fierceness. If the Hunanese could be induced to adopt Japanese ideas, a step of enormous importance would have been taken; and this is what has been and is being attempted. Since controlling railways are out of the question, it is on the waters of the great river that the intense energy of the Japanese is lavished, and more that a beginning has now been made in wresting carriers' and merchants' work from those who have hitherto controlled it in open competition. The policy of granting State subventions to Japanese Shipping Trusts on the Yangtsze is only the commencement of a general policy of penetration which will develop in intensity as the years go by, and which it is very difficult adequately to counteract. The financial accommodation given in London by an enthusiastic ally is thus in part applied to undermine that ally's interests, which have been worked up only by many decades of painstaking effort; for it is mainly on foreign loans that Japan's industrial and commercial expansion is being nurtured, and it is mainly at the expense of Anglo-American interests that that expansion is being brought about. It is an irony of fate that it is in the heart of the so-called British sphere in China that this grossly unfair competition is now most keenly felt.

The conclusion of all this is that—just as in 1902 the first Anglo-Japanese Alliance supplied a corrective to an unfortunate political *impasse*, which had been brought about by British indifference to the trend of affairs in the Far East—so in 1907 is a

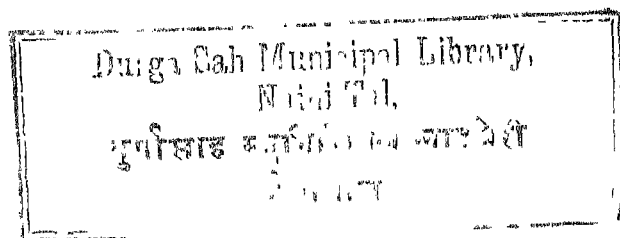
further corrective required, if a second *impasse* is not ultimately to be reached. For while the Anglo-Japanese Alliance is at present a guarantee for peace, it is also a guarantee for a commercial downfall unless safeguarding steps are taken without loss of time. And before those steps can be properly taken, a British Commission should be sent to the spot to obtain official confirmation of the position as it really is all over Eastern Asia. It is vain to suppose that this work can be done otherwise : it requires an official inquiry and official documents to place a Government in the well-informed position it should occupy in order to be entrenched against surprises, and able adequately to deal with a situation which the writer is only too willing to admit bristles with difficulties, is full of contradictions, is dangerous to handle, and is composed of all the elements of a sanguinary struggle. The British Government could easily have at its disposal a score or more of retired officials and others, whose names are household words in the Far East and whose opinions would be invaluable---in fact, the very experts necessary to compose such a Commission. The mere facts that, by virtue of the Alliance of 1905, England is the international endorser of all Japanese actions and that the very first principles on which that Alliance is based—the “open door” and “equal opportunity for all” and the integrity of the Chinese Empire—are now more than menaced, should be sufficient to ensure drastic and instant inquiry. But it is felt

in Eastern Asia, as it is felt in the Australian Commonwealth, that there is no complaint to be made of peremptory treatment on the part of the British Government, but that representations from the spot are too often met with an understanding neither of the real causes from which they spring nor of the precise intentions of those who make them. The complaint is therefore of an attitude of mind—a certain impenetrability, a certain remoteness perhaps geographically excusable, a certain weariness on the part of people much pressed with affairs and greatly overburdened.

The final word is that a corrective is absolutely necessary in Eastern Asia in order to postpone, if not to prevent, the inevitable struggle. Sane Caucasians no longer dream of laying at the feet of their sovereigns the keys of Moorish castles or the jewelled turbans of Asiatic kings. They can only dream of tradesmen's profits—of perhaps retaining a portion of that which has been previously won. Yet even if this humbler dream is not to be rudely dissipated—if the *status quo*, such as it is, is not to be slowly undermined until it quite naturally topples over

—action must be taken without further delay. Of this there can be no question. Germany and Russia, the only two other Powers in the world, apart from the United States, which now have real first-class importance, are manifestly marking time in Eastern Asia and waiting for the new outlines and the new tendencies more openly to manifest themselves.

They are even coquetting with Japan because of their distrust of one another and of everybody else. At the present time, therefore, there is a certain ominous pause, a calm as before a storm, which not even deceptive diplomatic agreements can entirely conceal. Eastern Asia is once more on the eve of great events. What part shall England play?



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